



Northern Ireland  
Assembly

## Research and Information Service Briefing Paper

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**Eóin Murphy**

# Potential Locations for Committee for Employment and Learning Study Visit

## 1 Introduction

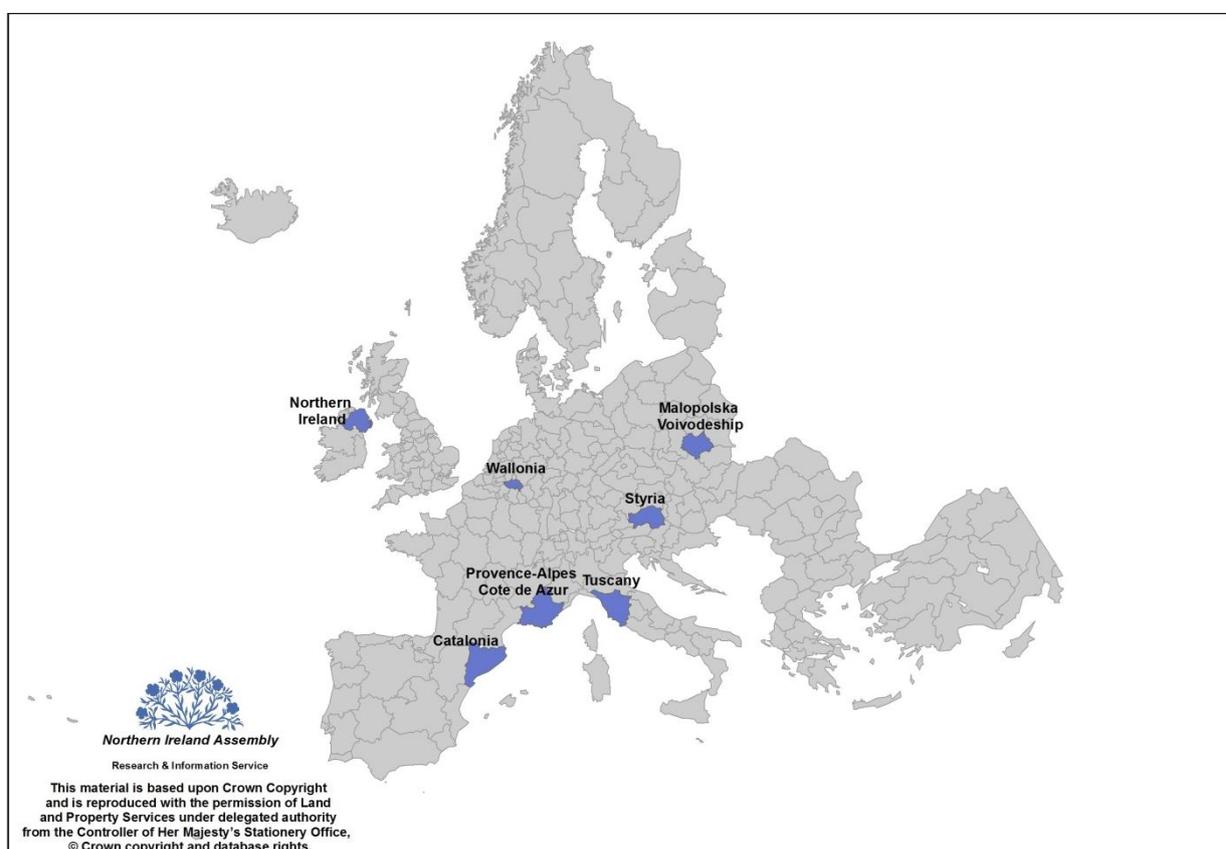
The following paper was requested in order to inform the decision of the Committee for Employment and Learning in selecting a European Union destination that provides a best practice example of improvements in employment (through work skills projects, structural reform, etc.) which result in overall economic and social growth.

A number of factors have been applied in order to select the possible destinations. These criteria were:

- Must be comparable to Northern Ireland in terms of population size, have a regional government and comparative economic circumstances; and
- Must have instituted a successful programme of change that has enhanced the regional economy and improved employment outcomes for those that participated; and,
- Where possible must be a direct flight from Belfast International Airport, Belfast City Airport or Dublin Airport. This is due to the need to keep travel costs to a minimum and ensure value for money.

Following discussions with OECD representatives, review of best practice case studies from the Local Employment Development section of the EU website and consideration of the above criteria, the following regions were selected as the best fit:

- COPEVO, Catalonia Spain;
- Barcelona Activa, Catalonia, Spain
- Inicjatywa Mikro, Krakow, Malopolska Voivodeship, Poland;
- SODIE, Liege, Wallonia, Belgium;
- Comite de Bassin d'Emploi, Sud Luberon, Provence-alpes cote de azur, France;
- Styrian Business Promotion Agency, Styria, Austria; and
- Tuscany Regional Government, Tuscany, Italy.



**Figure 1:** Regions for potential study visit<sup>1</sup>

Each of these regions will be discussed in detail below. Table 1 on the page following provides a brief summary of the projects in these regions and their perceived relevance to NI.

<sup>1</sup> Northern Ireland Assembly, RaiSe GIS

**Table 1: Summary of Projects for CEL study visit**

Organisation Name	Location	Population Size	Description	Percived Relevance to NI
COPEVO	Valles Occidental, Catalonia, Spain	862,369	Local employment and economy promotion organisation developed to promote and design programmes services and activities to improve the skills of the workforce and unemployed people and has involvement in economic promotion	The use of bottom up economic and employment development may of interest to the Committee. In addition, the model used has a large degree of cooperation from various stakeholders including public and private bodies working together for economic and employment development.
Barcelona Activa	Barcelona, Catalonia, Spain	1,621,537	Developed to support business creation as a means to job creation, promotes entrepreneurship and innovation for SMEs and provides training for human capital development.	BA has played a significant role in shifting Barcelona's economy from an industrial base to a knowledge economy, a similar goal of the NI Executive. Runs a large number of projects across Barcelona which may be of note to the Committee
Inicajatywa Mikro	Krakow, Małopolska, Poland	3,304,300	Provides micro loans to entrepreneurs in order to facilitate business growth and employment. It makes capital available to small businesses which do not qualify for bank loans (usually as they lack adequate collateral, have only traded for a limited period or use too simple a book keeping system).	May be of note to the Committee as IM provides an innovative approach to providing small businesses wishing to expand funding that would not be otherwise available. IM has supported the employment of 7,080 people.
SODIE	Liege, Wallonia, Belgium	192,504 (Liege) and 3,498,384 (Wallonia)	SODIE is a private sector company which works in Liege to promote employment in the area following massive lay offs in 2009. It provides training, advice and funding to start up businesses in the Liege area. By february 2010 SODIE had generated 2,789 jobs.	SODIE provides an alternative model to that operated in NI, with a private company taking the lead in developing employment opportunities within a region. This alternative model may be of note to the Committee.
Comite de Bassin d'Emploi	South Luberon, Provence-Alpes Cote de Azur, France	Approximately 50,000	Helps local people used to a farming economy to take advantage of new service sector opportunities through promoting job creation via advice and support.	Similar economic environment to NI and has an interesting methodology via links between local stakeholders.
Styrian Business Promotion Agency	Styria, Austria	1,208,544	Implementation body for regional economic and development strategy to deal with high levels of unemployment. Initially used clustering of industries, with the strategy redeveloped every few years to make account of changes in the economy and labour market. Has resulted in an increase in welfare, economic growth and employment in Styria.	May be of note to the Committee as a result of its continually evolving economic strategy, its use of targeted economic reports to inform the strategy, clustering of industries, and use of training and innovation may be of interest to the Committee.
Tuscany Regional Government	Tuscany, Italy	Approximately 3,500,000	Considered an exemplar of the agri-food sector through utilisation of the "Tuscan" model. Developed competitive advantage through strengthening existing local assets such as SME's and local knowledge skills.	May be of interest to the Committee due to NI's own agri-food industry, with the Tuscan model potentially of benefit to rural communities seeking to expand farm businesses.

## 2 COPEVO, Catalonia, Spain

In 2006 the Catalanian Regional Government decentralised its active employment policies by creating a new independent organisation in which the main local actors (such as town councils and the regional administration) would take the lead<sup>2</sup>.

The Employment and Economic Promotion Consortium of Vallés Occidental (COPEVO) was created as a result. Consisting of 30 participant organisations, including the regional government, 23 town councils and employer organisations, COPEVO has the following objectives:

- To promote and develop programmes, services and activities to improve the skills of the workforce and of unemployed people, to analyse the problems and needs in these areas, and to plan, manage, justify and evaluate activities to tackle the problems;
- Economic promotion, territorial development and the improvement of the competitive environment for companies and economic activities; and
- Co-operation among all the member organisations and support to the organisations, companies and institutions that collaborate to attain a greater efficacy, transparency and efficiency in the development of the aforementioned public policies.

COPEVO provides the bottom-up experience of the territorial participants for employment and the top-down application of a new model of decentralisation of active employment policies fostered by the Catalanian regional government.

Examples of projects undertaken by COPEVO include:

- A project to intervene in cases of industrial adjustment, by developing tools, methodologies and activities to relocate the workers affected;
- A project on support networks to improve access to the labour market for immigrants; and
- A project on the reconciliation of family and working life that supports the emerging initiatives of small towns and companies.

For the 2007-2011 period, COPEVO has<sup>3</sup>:

- Worked to inform businesses and legal representation of workers in the resources available to minimise the impact on employment;
- Provided support to 120 companies;
- 440 people received advice and intensive retraining;
- 74 workshops held on skills based retraining;
- 2,110 companies benefited from COPEVO's actions;

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<sup>2</sup> European Union, Local Employment Development, Best Practices, [http://ec.europa.eu/employment\\_social/local\\_employment/lla/fo/best\\_practices.do?method=homeBestPractices](http://ec.europa.eu/employment_social/local_employment/lla/fo/best_practices.do?method=homeBestPractices)

<sup>3</sup> Consorci per l'Ocupació i la Promoció Econòmica del Vallés Occidental, Memòria de Gestió 07-11 [http://www.consorciocupaciovalles.cat/copevoc/recursos/recursos/consorci\\_per\\_l\\_occupaci\\_i\\_la\\_promoci\\_econ\\_mica\\_del\\_vall\\_s\\_occidental.pdf](http://www.consorciocupaciovalles.cat/copevoc/recursos/recursos/consorci_per_l_occupaci_i_la_promoci_econ_mica_del_vall_s_occidental.pdf)

- 1,654 participants in 48 seminars;
- 334 businesses advised on business competitiveness and adaptability;
- 142 businesses advised on business competitiveness and adaptability;
- 268 companies participating in training courses;
- 638 people advised regarding business start-up, with 147 businesses created; and
- Support for the unemployed saw 13,460 people attending 672 workshops and training guidance in basic skills.

More recently COPEVO has developed an action plan for 2008- 2013, which features three goals, 12 programmes and new tools to reinforce public-private co-operation to foster economic and employment development. The three goals that the plan sets out are<sup>4</sup>:

- A territorial environment that makes the area the industrial and the innovative core of Catalonia;
- A more effective and open labour market, led by qualification, equality of opportunities and the quality of jobs; and
- A socially cohesive territory that supports productive transformation and the integration of immigrants and of those at risk of exclusion.

### **Perceived Relevance to NI**

The methodology employed by COPEVO to encourage job creation, work skills development and economic promotion is of note to the Committee, with a large number of agencies working together to enhance all these aspects in a local area. The large number of programmes operated by the group and the success it has had in not only providing support to the unemployed but also in job creation suggests effective strategy and implementation which may be applicable in NI. This is especially of consequence with the potential implementation of the RPA and the greater role the Councils would play in local regeneration and improvements in economic social wellbeing<sup>5</sup>.

## **3 Barcelona Activa, Catalonia, Spain**

Barcelona Activa (BA) is the local development agency of the city council of Barcelona.

Created in 1986, BA began as a municipal company which provided space for businesses (referred to as “Business Incubators”). Today, BA has become a local and international reference in the support for entrepreneurs, innovation, professional improvement and creation of employment<sup>6</sup>. The provision of space for business development continues as a large part of its strategy.

<sup>4</sup> COPEVO, <http://www.copevo.cat/copevoc/portada/index.php>

<sup>5</sup> Department of the Environment, Ministerial Statement on the Review of Public Administration March 2008  
[http://www.doeni.gov.uk/ministerial\\_statement\\_and\\_debate\\_31.03..pdf](http://www.doeni.gov.uk/ministerial_statement_and_debate_31.03..pdf)

<sup>6</sup> OECD Promoting entrepreneurship, employment and business competitiveness THE EXPERIENCE OF BARCELONA  
<http://www.oecd.org/dataoecd/2/33/43505170.pdf>

BA currently provides support through:

- Promoting entrepreneurship as a key contributor to social cohesion and inclusion;
- Supporting and promoting business creation as a means to job creation; and
- Promoting a culture of entrepreneurship and stimulating innovation in SMEs and throughout the local economy.

It should be noted that an OECD report on Barcelona Activa stated that<sup>7</sup>:

*Barcelona Activa has become a local, regional, national and international reference in terms of policies for the support of entrepreneurs and businesses, in the stimulation of innovation across the city, in the creation and improvement of professional opportunities for the population, and in the generation of new high quality jobs.*

BA is responsible for the following development areas:

- Business creation;
- Business growth;
- Human capital development (workskills);
- Innovation promotion; and
- Employment.

In order to deliver these, BA has focused on the development of “spaces” (such as places for cooperation, networking and virtual spaces) and various employment and entrepreneurship programmes.

BA’s 2008-11 Action Plan had the following objectives<sup>8</sup>:

- **Business creation and entrepreneurship culture:** Employed a ‘blended model’ through the combination of cutting edge spaces aimed at making accessible and open activities devoted to entrepreneurs, a wide range of over 700 activities (such as training, dissemination and knowledge capsules), personalised coaching and a dedicated website with content archives and self-access tools;
- **Innovative business consolidation and growth:** Aimed to facilitate future innovation by recently created businesses by generating cooperative networks, stimulating innovation and contributing to improving their competitiveness and growth. This initiative has had a positive impact on business across the Barcelona municipality with client companies having a survival rate of 84% (71% for NI in 2005<sup>9</sup> after three years), an average of 9.8 employees and turnover of €980,000 after four years;

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<sup>7</sup> OECD Promoting entrepreneurship, employment and business competitiveness: The Experience of Barcelona  
<http://www.oecd.org/dataoecd/2/33/43505170.pdf>

<sup>8</sup> Ibid

<sup>9</sup> London.gov.uk Business Survival Rates, <http://data.london.gov.uk/datastore/package/business-survival-rates>

- **Human capital development and new employment opportunities:** Programmes defined based on the prospective labour and skills demands of the economic sectors. Activities employed seek to develop the workforce in the evolving context of the labour market. Also aimed to improve local production processes and more effectively harness the skills available locally, thereby leading to higher quality jobs and a more competitive local economy; and
- **Access and improvement of employment:** This objective was designed to inform, orientate, motivate, train and promote employment in Barcelona. This axis of work contributes to updating the professional skills of jobseekers or those wanting to improve their professional career, and to promoting labour inclusion by responding to the needs of the companies. Under the on-going economic pressures, BA also sought to improve the professional skills and capacities of workers in order to bring them closer to the new demands of the knowledge society,

The table below details the main results of BA's activities in 2007.

**Table 2:** Barcelona Activa main results (2007)<sup>10</sup>

	N° of participants: (companies or persons)	Number of jobs created	Main results
Business creation	15,994**	1,500 jobs	1,189 business projects coached and 700 companies created
Innovative business consolidation and growth	3,760	848* jobs	84% survival rate fourth year
Human capital development and new employment opportunities	36,222	N/A	Improving human capital of 3,000 active people
Access to and improvement of employment	20,651	2,500 jobs	72% of labour insertion
Digital professionalisation and training	53,510	N/A	8,263 participants in business technology training
<b>Total</b>	<b>140,044**</b>		

\* Total jobs of all companies in the Glories Business Incubator and in the Barcelona Nord Technology Park

\*\* This figure shows the total number of participants in physical persons and not in number of companies

Indeed in the twenty years of operation, Barcelona Activa has had the following impact<sup>11</sup>:

<sup>10</sup> Ibid

- 1,008,303 participants;
- 11,892 business projects coached;
- 7,000 new companies created;
- 574 companies coached for growth;
- 40,431 people being trained;
- 100,000 unemployed people oriented and coached for employment; and
- 326,999 people acceding to tech. knowledge and training.

As stated by the OECD regarding BA's impact on the Barcelona municipality:

*The unemployment rates have dropped, the number of businesses in the various key economic sectors has increased considerably, and there is an important inflow of investors and human capital to the city. Barcelona has managed to move from a slow economic growth to an ever faster growing city. The businesses are creating new and better jobs, and the rate of survival of businesses (particularly those in the business incubator) has improved to 84% in the fourth year since its creation.*

### **Perceived Relevance to NI**

The activities of Barcelona Activia have seen a significant change in the Barcelona area, contributing to the city's shift from an industrial base to service and knowledge economy. This is line with changes to the NI economy and as such a potential study visit to BA could be of benefit to the Committee as a benchmark for future development in NI. Whilst this case study is based on a city rather than a region, the model used by BA and its impact on Barcelona's shift from an industrial to knowledge based economy deemed it of potential note to the Committee. In addition, discussions with OECD representatives highlighted it as a good model for potential benchmarking<sup>12</sup>.

## **4 Inicjatywa Mikro, Krakow, Poland**

Established in 1996, the Inicjatywa Mikro (Micro Finance) uses the model developed in rural Bangladesh (the Grameen Bank) providing micro loans to entrepreneurs in order to facilitate business growth<sup>13</sup>.

Inicjatywa Mikro was established in 1996 with the help of international micro finance specialist Opportunity International, to fill this gap by supporting enterprise development and job creation in southern Poland. It makes capital available to very small companies which do not qualify for a bank loan, usually because they lack adequate collateral, have only traded for a short period or use too simple a bookkeeping system.

<sup>11</sup> Ibid

<sup>12</sup> Researcher conversation with Organisation for Economic Co-operation and Development representative.

<sup>13</sup> European Union, Local Employment Development, Best Practices, [http://ec.europa.eu/employment\\_social/local\\_employment/lla/fo/best\\_practices.do?method=homeBestPractices](http://ec.europa.eu/employment_social/local_employment/lla/fo/best_practices.do?method=homeBestPractices)

By the end of 2003 Inicjatywa Mikro had disbursed 3,631 loans totalling 37.9 million zlotys – €10 million. The average loan amount was 10,400 zlotys (€2,900) and the average term 14.9 months. There is no lower limit on the loan size, as it is adjusted to the needs and the level of development of the business. Working capital loans constituted 51% of the portfolio while investment loans made up 49%. Among the borrowers 50% were traders, 40% service providers and 10% small manufacturers. Forty per cent of the borrowers were women<sup>14</sup>.

In 2007, it had 886 clients in total. More recently, the target group for Inicjatywa Mikro has been shifted to graduates in order to encourage them to remain in Poland as Entrepreneurs rather than to seek employment in other European Nations<sup>15</sup>.

The initiative has also been exploring products specifically for women. It provides very small loans ranging from €800 to €4,000 and focuses on service sectors that only require a small amount of capital to start such as crafts, health and beauty. The big difference compared to the mainstream programme is that the borrowers undertake a four-day training programme before they start up their business. Once they are up and running further counselling is available. This is similar in some part to programmes run in NI such as the Go For It Programme.

Borrowers generally fall into two categories, those seeking to establish a business and those with a business but who need additional cash to expand. For example<sup>16</sup>:

- A loan of 13,500 zlotys (€3,700) helped to finance the start-up of a pizzeria in a small town near Kraków. The business succeeded, paid the loan back early and created six new jobs. A second loan of 11,500 zlotys (€3,200) enabled the client to open a second pizzeria in another small town and to create two more jobs; and
- A loan of 12,000 zlotys (€3,300) helped to develop ceramics manufacturing. The entrepreneur needed to purchase raw materials to meet current orders. This business offers several seasonal jobs.

For 2010-11, the IM made 6,634 micro loans worth 84.7 million zlotys (£1.7 million), with an average loan of 15,350 zlotys (£3,162). The Creation Investors<sup>17</sup> profile of IM identified that it has 2,360 active clients of whom 39% are female. Through these clients 7,080 jobs are supported with over 35,000 individuals impacted as a result.

An early impact assessment (for the period 1998-1999) on IM found that employment growth for client groups was significantly higher than for non-client groups. It concluded that<sup>18</sup>:

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<sup>14</sup> [Ibid](#)

<sup>15</sup> Inicjatywa Mikro, [www.inicjatywamikro.pl](http://www.inicjatywamikro.pl)

<sup>16</sup> [Ibid](#)

<sup>17</sup> Creation Investments, Portfolio, data as of March 2011 <http://creationinvestments.com/portfolio/inicjatywa-mikro-poland/>

<sup>18</sup> Wholistic Transformation Resource Centre Inicjatywa Mikro Impact Assessment <http://www.wtrc-tmed.org/resources/IM%20Impact%20Report.pdf>

*First, the survey results show that microenterprises which were granted loans from IM grew more dynamically than those from the comparison group...Second, IM client firms have considerable impact on the local job market.*

### **Perceived Relevance to NI**

Northern Ireland private sector is predominantly SME based (99% of NI businesses are SMEs and 98% are micro businesses<sup>19</sup>) and an area of continuing concern in the on-going financial crisis is business access to finance. The model used by Inicjatywa Mikro highlights how much impact a small loan can have on a business, allowing it to expand, hire additional staff or just ensure that bills for that month can be met. Importantly, IM was found to have had a positive impact on not only microenterprises but on the local job market boosting the local economy.

## **5 SODIE, Liege, Belgium<sup>20</sup>**

Liege, in the Wallonia region of Belgium was home to one of the largest steel industries in the country. However, in 2003 following the selling of one of the largest steelworks in the region, it was announced that steelmaking in Liege was to end. In all 2,700 jobs were due to be lost by 2006.

At the time unemployment was already at 22% for the region, but with the closure of the steel works, this rose to 26%. In order to offset this rise, a delay in full closure was negotiated between the plant owners, trade unions and local government. Despite negotiations to introduce a postponement on the job losses to 2009, the sheer scale of the layoffs was a severe blow to the local economy.

SODIE Belgium (la Société pour le Développement de l'Industrie et de l'Emploi) was founded in 1999, as a subsidiary of the French company of the same name and is 55% owned by the Alpha Group and 45% by Arcelor<sup>21</sup>. Initially SODIE operated in the Walloon Region to help create 4,000 jobs following a merger between steel making companies. Like its French parent, its principal roles are to advise employee representatives in their role in works councils, and to promote economic development.

Arcelor asked its Belgian branch to support new small companies and projects in the Liège region with the objective of creating, by 2009, 2,700 jobs, to replace those lost in the steelworks closure. Work began in 2004 with a budget from Arcelor of €20 million.

The assistance SODIE offers covers the whole of Liège province, as well as some neighbouring municipalities. It consists of supporting the creation of a business plan

<sup>19</sup> Federation of Small Businesses, NI SME Facts <http://www.fsb.org.uk/SMEfacts>

<sup>20</sup> European Union, Local Employment Development, Best Practices, [http://ec.europa.eu/employment\\_social/local\\_employment/lla/fo/best\\_practices.do?method=homeBestPractices](http://ec.europa.eu/employment_social/local_employment/lla/fo/best_practices.do?method=homeBestPractices)

<sup>21</sup> SODIE [www.sodie.be](http://www.sodie.be)

and in lending the necessary start-up capital on affordable terms, and without security for start-up businesses.

As part of the process of working with SODIE, client enterprise agree to create at least five jobs within three years with these jobs available to all, not just those made redundant by the closing of the steelworks.

SODIE has helped conventional companies and co-operatives, mostly in the service sector. Loans are advanced in two or three tranches, depending how big it is, at an interest rate of between 3.5% and 4.25%. The average size is about €7,000 per job created, and the duration of the loan around 5-7 years.

SODIE is also involved in attracting foreign investors to the region (in a similar manner to Invest NI).

SODIE is in a constant dialogue with the Walloon region's public investment company, SOWALFIN, so as to remain complementary to it and to the private banks. It also meets with the trade unions every three months.

By the end of February 2010, SODIE had generated 2,789 jobs<sup>22</sup>. It did this by providing support in:

- Setting up a business;
- Development / expansion of existing business; and
- Implementation.

The support provided included:

- Financial assistance in the form of unsecured loans at reduced rates (loan to finance the Working Capital Requirement);
- Formalisation & validation of a business plan, free of charge;
- Research funding and support mobilized; and
- Monitoring of projects and businesses after implementation.

### **Perceived Relevance to NI**

SODIE is a private company that undertakes economic development in tandem with local authorities. Whilst the project above is based in Liege, SODIE is based across France and Belgium and provides a variety of services. The model may be of interest to the Committee whether there is a political/social appetite for the effective privatisation of job creation is unknown, but it might support the attempts to revitalise the NI economy. SODIE has been successful in meeting its objectives of job creation in the Liege region and offers an interesting alternative to public sector involvement in economic development.

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<sup>22</sup> SODIE, [www.sodie.be](http://www.sodie.be)

## 6 South Luberon, Provence-Alpes Cote de Azur, France

South Luberon is a rural area in the Provence-Alpes Cote de Azur region of France. With a population of around 50,000, employment is generated through the service and agricultural sectors (62% and 22% respectively). The area has a high unemployment rate (10.7% in 2007) and a high proportion of these are long term unemployed (40%, a similar figure to NI's 43%<sup>23</sup>).

Recently, however, the area has started to see a growth in new businesses and SMEs relocating to the area to take advantage of a new commuter belt. As stated by the EU Local Employment Development best practice paper on the region<sup>24</sup>:

*These shifts in the economic and social environment require a change in the skills structure and demand training and support services for what is quite a low-skilled local labour force.*

In order to meet these new challenges, the local employment committee (Comité de Bassin d'Emploi - CBE) for South Luberon area helps local people used to a farming economy to take advantage of the new service sector opportunities that are springing up under the influence of the nearby Aix- Marseilles conurbation. It brings together the key actors in the labour market such as local authorities, employers and trade unions.

The CBE was established in 1982 with the main aim of promoting job creation and employment development by fostering and supporting local initiatives promoted by individuals, community groups, public institutions and private stakeholders.

Grant-funded by the Ministry of Employment and the regional and departmental councils, it provides a wide range of information, advice and support to unemployed people, employees, associations and would-be entrepreneurs.

The CBE provides both permanent support services and specific projects:

- Permanent observation and diagnosis of local labour market issues;
- Information for SMEs;
- Information, counselling, advice and support to start ups;
- Support to third sector organisations; and
- Special support to the hotel and restaurant industry.

In addition the CBE is closely involved in local development. This involves:

- Participation in the development of a local action plan, led by state services which sets the actions to be taken for the year;
- Participation in the dialogue on major regional projects; and

<sup>23</sup> DEL, Labour Market Bulletin 23 March 2011 – “43 of the unemployed had been out of work and seeking employment for one year or more.”

<sup>24</sup> European Union, Local Employment Development, Best Practices, [http://ec.europa.eu/employment\\_social/local\\_employment/lla/fo/best\\_practices.do?method=homeBestPractices](http://ec.europa.eu/employment_social/local_employment/lla/fo/best_practices.do?method=homeBestPractices)

- Participation in the Departmental plan for personal services development of a territorial diagnosis of South Luberon.

In 2010 the CBC was involved in the creation of 136 new businesses and helped 186 people gain employment<sup>25</sup>.

### **Perceived Relevance to NI**

Like South Luberon, Northern Ireland has a declining agricultural sector and a growing service sector (although this growth has been slowed significantly as a result of the recession). The CBE methodology of working closely with various stakeholders and targeting of the agricultural sector could be applied to NI, although it should be noted that similar services are provided through a variety of groups including the DARD farm diversification scheme which provides advice, training and funding<sup>26</sup> to those in the agricultural sector seeking to expand or diversify their business.

## **7 Styria, Austria**

Styria (Steiermark) is one of the nine provinces (Bundesländer) located in the south east of Austria. As a federalist country legislative power is shared between three tiers of government: federal, provincial (Länder) and local authorities. The provinces play an important role within this government structure, especially with respect to regional planning and economic development<sup>27</sup>.

In a similar manner to Northern Ireland, Styria was an “old industry area”, with its business sector dominated by raw materials industries such as mining and forestry (NI’s industry was traditionally focused on industries such as ship building and textiles).

With the onset of sweeping political and economic changes across Europe in the 1980’s, Styria suffered under low growth, high unemployment and structural problems (such as a low rate of innovation).

In order to offset these changes the regional government instituted a regional economic and development strategy based on a process of continuous strategy development. The initial intent of the strategy was to deal with the high levels of unemployment following job losses in the 1980s.

The Styrian government initially “clustered” certain industries together, creating business and technology parks where companies could complement one another’s activities. As part of the running strategy of development, a two year process was developed for 1993-95 known as the “technology concept Styria”.

<sup>25</sup> <http://www.cbesuyluberon.com/2011/RA2010.pdf>

<sup>26</sup> DARD Rural NI Farm Diversification <http://www.dardni.gov.uk/ruralni/index/ruraldev/diversification.htm>

<sup>27</sup> OECD,2011, Entrepreneurship, SMEs and Local Development in Andalusia, Spain [http://www.oecd-ilibrary.org/industry-and-services/entrepreneurship-smes-and-local-development-in-andalusia-spain\\_5kgdt917nvs5-en](http://www.oecd-ilibrary.org/industry-and-services/entrepreneurship-smes-and-local-development-in-andalusia-spain_5kgdt917nvs5-en)

Its goal was to improve the competitiveness of the Styrian economy facing underperformance in most of its sectors, low growth rates, lack of innovative activities and low awareness of need for co-operation between firms and supporting institutes.

It developed four main strategic aims to tackle these issues:

- Increase cooperative ability;
- Improve absorptive capacity and diffusion;
- Quality and qualification; and
- New institutions for implementation and network building to co-ordinate and focus technology oriented activities.

The Styrian regional government followed on from this with a series of related strategies focusing on different areas in the region. For example, “Concepts in Progress” which covered 1996-2004 introduced an “economic information and report system” to keep track of and analyse activity by the regional department of the economy.

The continual reassessment and improvement of Styria’s economic strategy has meant that the regional government has been able to adapt quickly to the changing needs of employers, workers and businesses.

The most recent economic strategy is based on seven “pillars” which have specific objectives and focuses for implementation. The Pillars are:

- **Pillar 1 – Innovation:** The expressed objective is to make Styria the “master of market introduced innovations”;
- **Pillar 2 – Locational strategy of Internationalisation:** The main objective is the improvement of competitiveness and thus sustainable growth and employment;
- **Pillar 3 – Cluster, networks, fields of strength:** An area of particular importance concerns the development of regional fields of competence and the need to identify and target relevant areas of new technology;
- **Pillar 4 – Entrepreneurial spirit, new company formation and new forms of entrepreneurship:** Intended to support “new entrepreneurs” (single person firms, spin-offs, franchises, and change of owners of existing firms) through support programmes, awareness raising initiatives and financial support.
- **Pillar 5 - Innovative financing:** New forms of financing are still largely underdeveloped in Styria. Concrete measures will be taken to illustrate what is possible, such as illustrating the various forms of holdings or equity participation available;
- **Pillar 6 - Job qualification and further training and education:** The main goal is the increased awareness raising of entrepreneurs, firm managers and also of the employees for a demand and future oriented qualification and life-long learning in support of competitiveness and innovation;

- **Pillar 7 - Strengthening the regional (knowledge) infrastructure:** The main objective here is to improve firms accessibility to relevant knowledge in respect to technological innovations and to strengthen the ability of firms to cooperate in matters of innovation.

The strategy was implemented by two bodies - The administrative unit of the Styrian government responsible for economy and innovation designed and developed the strategy with the Styrian Business Promotion Agency (Steirische Wirtschaftsförderungsgesellschaft – SFG) implementing and delivery the strategy<sup>28</sup>.

In terms of the success the general objective of an increase in welfare, economic growth and the employment situation has been achieved:

- From 2002 until 2007 Styria had a higher growth rate than the Austrian average;
- The percentage of Styrian Gross Regional Product as a percentage of Austria's GDP increased from 12.3 per cent in 1995 to 12.6 per cent in 2005;
- The growth in employment was significantly higher than the rest of Austria;
- The volatility of employment over the business cycle diminished. Up to the early 1990s the change in employment exceeded that of Austria in the downswing phase, and in the upswing phase reached the Austrian level at best. Since then the opposite is true: Styria's change in employment surpasses that of Austria in the upswing and in the downswing it does not get lower than that of Austria;
- Change in employment structure. Although still an industrial region there was a strong trend towards services; within the service sector, business oriented services had the strongest growth rates; within manufacturing, technology oriented branches grew the fastest; and
- The labour market situation improved with unemployment rates declining from 8.1 per cent in 1997 to 6.4 per cent in 2007 (according to Austria's definition of unemployment which is higher than the EU definition), the gap to the national average declined from 1 per cent in 1997 to 0.2 per cent in 2007.

Other areas that have seen significant improvement include research and innovation which has seen a growth in R&D expenditure and the number of researchers employed has increased (19 per thousand in comparison to an Austrian average of 12 per thousand).

### **Perceived Relevance to NI**

Styria may be of note to the Committee as a result of its continual evolution of its economic strategy, which has changed over the last twenty years to meet the demands of both its labour force and industries. Its use of targeted economic reports to inform its strategy and current focus on clustering of industries, further training for employees and innovation may also be applicable to the NI situation.

<sup>28</sup> Styrian Business Promotion Agency <http://www.sfg.at/cms/1312>

## 8 Tuscany, Italy

Tuscany is held up as an exemplar of the agri-food sector. However this is a relatively recent development, based upon the regional governments “Rural Development Plan” launched in the 1990s<sup>29</sup>.

This developed what has become known as the “Tuscan Model” which had at its core the development of competitive advantage through strengthening existing local assets and in particular the large diversity in food products that existed in the area.

The strategy took advantage of this diversity by recognising the potential for a strategy of food diversification. As such a priority for the policy was developing sophisticated marketing networks that could promote Tuscan products (such as cheeses, wine and processed meats). Importantly, the model developed “short supply chains” by:

*Developing closer links between the agricultural and food production sectors and the growth in local tourist sector in cities such as Florence and Siena.*

An OECD review of the policy used in Tuscany found that the regional government realised that rather being a detriment to its economic development...:

*...the region’s agricultural history and traditions could be important assets in a changing global food market.*

The strategy made use of the SMEs that dominated the agri-food industry in the area and the large body of knowledge and traditional skills held by the workers and owners of the businesses.

Local initiatives were introduced to raise and protect food quality standards. An example cited is that of the red wine “Brunello di Montalcino”. The area where the wine is produced developed its own Denominazione d’Origine Controllata (DOC) which restricts production of the type of wine to the area and maintains strict quality controls.

The model employed by Tuscany included areas such as rural tourism which complimented the strategy for the agri-food industry. This included legislation around farmers being able to rent accommodation to tourists in their homes<sup>30</sup>.

The success of the model is also attributed to the decentralisation of its economic decision making. As with a number of the examples given in this paper, the devolution of economic decision making to a regional level has allowed policies to be shaped by local agendas with local assets prioritised, with Tuscany’s food products the focus of productivity and innovation strategies<sup>31</sup>. The bottom up approach subsequently taken

<sup>29</sup> OECD, 2011, Entrepreneurship, SMEs and Local Development in Andalusia, Spain [http://www.oecd-ilibrary.org/industry-and-services/entrepreneurship-smes-and-local-development-in-andalusia-spain\\_5kgdt917nvs5-en](http://www.oecd-ilibrary.org/industry-and-services/entrepreneurship-smes-and-local-development-in-andalusia-spain_5kgdt917nvs5-en)

<sup>30</sup> <http://www.regional-studies-assoc.ac.uk/events/2011/april-newcastle/papers/Randelli.pdf>

<sup>31</sup> Tuscany Regional Government <http://www.regione.toscana.it/>

to the strategic initiatives allowed for Tuscany's provinces (of which there are ten) to develop their own local plans and manage the majority of the financial resources.

### **Perceived Relevance to Northern Ireland**

The model used in Tuscany is of interest in Northern Ireland for a number of reasons – one of the regions' growing industrial sectors is the Agri-food industry, with dedicated further education facilities (the College of Agriculture, Food and Enterprise), a large number of SMEs and an increased focus over the last ten years on encouraging farm diversification.