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Euromountains.net Project – theme 2

INTERREG III C

The Role of Territorial authorities in Developing and Promoting Mountain Resources and Quality Products

Results of the analysis of the surveys conducted in the Partner Regions

Original: French version

Date: the 26th of July 2006
Working document for the Thematic Seminar in Flaam, Norway – 10 and 11 May 2006

PROJECT PART FINANCED BY THE EUROPEAN UNION

Contents

The analysis of all the data coming from the theme 2 partners has been carried out by the SUACI[1]. Jean-Michel NOURY has compiled the report with some assistance from Agnes HAUWUY, especially for the Discriminant Factor Analysis and from Emmanuel MINGASSON, for the redaction of conclusions, lessons to be learned and recommendations.

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Introduction

The object of the project Euromountains.net is the "networking of European mountain regions in order to promote sustainable territorial development". It is implemented in the frame of the European cooperation program INTERREG III C. The project partnership includes 14 partners representing five European Union Member States (France, Italy, Portugal, Spain, UK) and Norway and representing mainly regional authorities; it covers a variety of mountain regions.

This project aims to identify and collect these innovative solutions, their transferable success factors, and to methodologically work together to find further new strategies. These solutions will enrich the toolbox in disposal of the local authorities that work for the sustainable development in the mountains, and maybe help them to face and reverse the continuing exodus from these regions.

It concentrates on three specific themes:

1. Improving the public and private services in mountains (infrastructures, culture and free time, health and social services, etc);
2. **Developing and promoting mountain resources and quality products;**
3. Managing the fragile mountain landscape, rural environment and natural resources.

This report gives a presentation of the results drawn from the analysis that has been conducted for the second theme (promotion of mountain products and resources). It aims at analysing the intervention of the territorial authorities in favour of mountain product and resource development projects; it has also the objective to identify some recommendations in direction of the territorial authorities. The three first parts present:

- the methodology that has been used for this study
- the projects described in the different case studies conducted in the partner regions
- the analysis of the intervention of the territorial authorities in favour of these projects

The last part presents the lessons to be Learned and the questions arising from this analysis

These elements have been presented and debated during the thematic seminar that held in Flaam (Norway) the 10th and 11th of July 2006. This document contents the main elements that fuelled the discussions of the Euromountains.net partners in this seminar. It might therefore be completed with the reading of the report of the seminar.

1. Analysing Territorial Authorities Intervention: Methodology and Approach

1.1. A Project-Based Overall Approach

The approach selected to examine territorial authorities' intervention in favour of products is project-based: it consists in describing and analysing territorial authorities' intervention on behalf and in support of individual projects. The aim is therefore not to evaluate policies as such, as in such case the approach would have consisted in selecting policies implemented by territorial authorities and then assessing their impact on a range of product development projects.

While the aim of the survey is indeed to **analyse authorities' intervention**, its focus is strictly monographic and project-oriented. It mainly discusses how authority assists with and supports mountain product and resource development projects: in what way were they supported, from what financial resources and mechanisms and, as far as possible, what were their outcomes?
A glossary available at the end of this document states the definition used for some of important words

1.2. Production of Case Studies ("Monographs")

The different case studies examine projects aimed at unlocking the potential of **three categories of products** and mountain resources: agro-food, tourism and craft products. In all, 25 projects were surveyed across the six partner regions involved in this theme of Euromountains.net (three to seven projects per region). Thus, every case study refers to a single project and instance of territorial authorities' intervention. In every region, all case studies were carried out on the basis of a common questionnaire comprising five sections:

- *Description of the area in which the project was implemented*

Geographical and dynamic socioeconomic data

- *Description of the product stream and project chain*
- *Description of the product development project*

Project context, objectives and activities.

- *Description of authorities' intervention on behalf of the project*

According to a simple grid:

- Who? What local authorities acted in support of the project
- Why? What actions were supported
- How? How were these actions supported
- How much? What was the total amount of the grant(s)?

- *Analysis of territorial authorities' intervention*

The purpose of this part of the questionnaire is to collect data to determine whether and to what extent project objectives were reached and government intervention was appropriate. It also helps determine the nature of project monitoring by funding authorities.

1.3. A Comparative Analysis of Case Studies

Out of 25 field case studies, 21 projects were submitted to a comparative analysis. Four case studies were discarded either because they discussed projects that were too specific to be comparable or due to incomplete or lacking financial data.

There are two aims to this comparative analysis:

1. Describing the diversity of authorities' intervention in the different regions;
2. Examining territorial authorities' intervention mechanisms with the initial aim of formulating recommendations.

To this end, it was decided to try to answer **a number of questions**:

- **What are the territorial authorities that support product and resource development projects?** What is the relative representation of the different territorial authorities (regions, municipalities, States and the EU)?

  To do this, financial data collected as part of each case study was used to provide an accurate description of the different governments involved with individual projects.

- **How do territorial authorities support projects?**
  First, a detailed description of authorities' intervention in each project according to different mechanisms (financial support for intangible and tangible activities, broad or focused intervention, duration of support, etc.) is provided below. Tentative answers are then suggested to the following two questions:

  - *Do territorial authorities' intervention mechanisms vary according to project nature?*

  To answer this question, data relating to government intervention mechanisms was crossed with project characteristics.

  - *Do certain intervention mechanisms seem more suitable than others?*

  To determine this, it was attempted to differentiate projects that were reasonably successful from others whose success seems more questionable, with the aim of identifying intervention mechanisms that support or impede project success.

  Before presenting this analysis (Part 4), the following section describes the different product development projects selected for comparison. The last section (Part 5) seeks to summarise the survey with aim of identifying lessons to be learned.

2. Mountain Resource Development Projects

This section describes the different projects selected for the purpose of the comparative analysis of government intervention (21 projects). This presentation is also useful to briefly introduce the diversity of projects and strategies implemented to unlock the potential of mountain products and resources in the five partner regions from Europe from the theme 2 of Euromountains.net project. It is worth underscoring that all projects received government support. Their description therefore provides initial indications as to government intervention in favour of mountain products. The diversity of surveyed projects can be rendered by describing them in terms of objectives, product types, stakeholder nature, activity types (contents) as well as size and duration. All projects are described in greater detail in the table presented in Appendix 1 (a code was assigned to individual projects).

➢ Declared Project Objectives

While there are significant differences among projects, their shared aim is to promote economic development and employment in a given area. Out of 21 projects, eight have declared non-economic objectives including promotion of cultural heritage (projects nr 11, 63, 65), preservation of local know-how and environmental protection (projects nr 42, 51).

➢ Product Type (Agro-Food, Tourism, Craft)

Projects aiming to develop three categories of products were surveyed: agro-food (cheese, meat), tourism and craft products. In all cases, they are local products and most of them are also traditional.

Product type	Examples	Number of case studies
Agro-food	Cheese, beef, trout, sausage, etc.	9
Craft	Stone roofs (Lauze), wooden buildings, musical instruments, wood-fired boilers	4
Tourism	Lakes, farms, mills, etc.	8
Total	-	21

➢ Stakeholder nature

In addition to product type, projects also differ according to the nature of their stakeholders. Three categories of stakeholders are evident among the 21 surveyed projects:

- "Business groupings": in this case, stakeholders have no direct commercial activity. Rather, they are networks of producers or companies whose aim is to promote the commercial activities of their members. To this end, the latter syndicate a number of activities including promotion of their products (communication, etc.), denominations, product quality enhancement, distribution. The status of these "groupings" is variable (associations, non-commercial cooperative in the region of Oppland).
- "Private companies": stakeholders supported by government are economic operators pursuing commercial activities (company or cooperative).
- "Public" stakeholders: this term encompasses projects carried either by individual territorial authorities as such (e.g. a municipality), associations of several authorities or non-profit making associations.

Also noticeable among surveyed projects is that:

- tourism project stakeholders are mostly governments;
- all craft project stakeholders are private companies;
- agro-food project stakeholders are private companies, either individually or through groupings.

Types of stakeholders	Total	*Product types*		
		Agro-food	***Craft***	***Tourism***
Business groupings	7	5	0	2
Private companies	7	4	3	0
Public authorities (territorial authorities or association)	7	0	1	6
Total	21	9	4	8

➢ **Nature of practical actions conducted to reach project objectives**

Projects vary according to the diversity and complexity (number) of activities. The latter are listed in the table presented in Appendix 1. By way of example, below are a few activities carried out as part of the different projects:

- employee training on cultural heritage maintenance and valorisation (craft project, nr 11);
- action in support of product quality, communication and legal protection of a denomination (agro-food project);
- municipal investment in tourism infrastructure (tourism project, nr 43).

➢ **Project size and duration**

Project size – i.e. the total amount of funding (grants + self-financing) needed to carry out planned activities – ranges across the 21 surveyed projects between €62,500 and €2,125,000. Three projects only are very large (> €1 million) and the majority are average in size (> €300,000). Project duration varies between one and 16 years and half of the projects are for five years or less.

Project amount	*Number of case studies*	Project duration	*Number of case studies*
< €100,000	*5*	1–2 years	*7*
€100,000–300,000	*9*	3–4 years	*10*
> €300,000	*7*	6+ years	*4*
Total	*21*	Total	*21*

➢ **General remark: high project variability across regions**

While projects selected in each region generally address all three product types (tourism, etc.), the panorama across regions is quite variegated, in particular when it comes to project size and stakeholder nature (see tables below). While a majority of Aosta Valley projects have government as their stakeholder, the same is true in only one more region: Rhône-Alpes. Both regions are also characterised by the complete absence of private companies as stakeholders.

Stakeholder types / Regions	Business groupings	Private companies	Public (Local/Regional government or association)	Total
Oppland	3	2	0	5
Sogn og Fjordane	0	2	0	2
Aosta Valley	1	0	4	5
Trento	1	3	0	4
Rhône-Alpes	2	0	3	5
Total	***7***	***7***	***7***	***21***

Project size / Regions	< €100,000	€100,000–300,000	> €300,000	Total
Oppland	2	3	0	5
Sogn og Fjordane	0	0	2	2
Aosta Valley	2	2	1	5
Trento	1	1	2	4
Rhône-Alpes	0	3	2	5
Total	***5***	***9***	***7***	***21***

3. Description and Analysis of Territorial Authorities' Intervention

3.1. What are the Territorial Authorities that Support Projects?

The selected case studies cover three countries (Norway, Italy and France) with different institutional arrangements. Therefore, the NUTS[2] nomenclature of the EU was used – with a few adjustments (see Appendix 2). Out of a concern for simplicity, the term "territorial authority" is used in reference to all public project funding sources, including where other funding sources may be involved. Indeed, across the spectrum of case studies, six different territorial authorities finance projects: the EU, States (Nuts 1), regions (Nuts 2), sub-regions (Nuts 3) and municipalities, either individually (Nuts 5) or as groupings (Nuts 4).

The number of governments that financially supported projects and their respective share of funding vary across projects and regions.

- **What territorial authorities support projects?**

Not all territorial authorities contributed with equal frequency to all 21 projects. States (16 out of 21 projects) intervened most frequently, followed by the EU (10/21) and regions (9/21) while the local level (Nuts 4 and Nuts 5) featured more rarely.

Table: Number of projects supported by the different level of territorial authorities

Tiers:	Number of projects supported at this level	Number of projects not supported at this level	*Total*
EU	10	11	*21*
National (Nuts 1)	16	5	*21*
Regional (Nuts 2)	9	12	*21*
Nuts 3	7	14	*21*
Nuts 4	1	20	*21*
Nuts 5	2	19	*21*

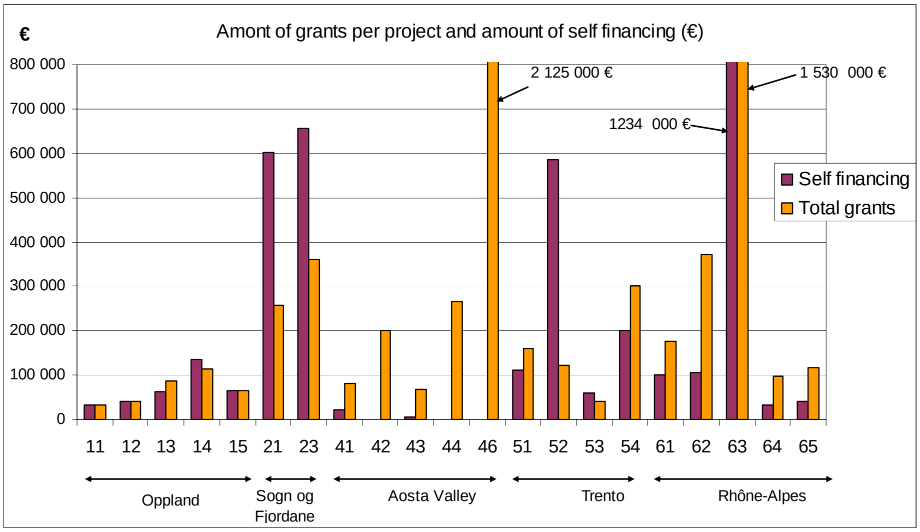
The grants coming from the European Union are given within the framework of various programmes: Leader + programmes (4 projects), Interreg programmes (2 projects), ERDF[3] (2 projects), rural development policy (Reg. EU 1257/99) (2 projects) and EFF[4] (1 project).

- **What is the amount of territorial authorities project funding?**

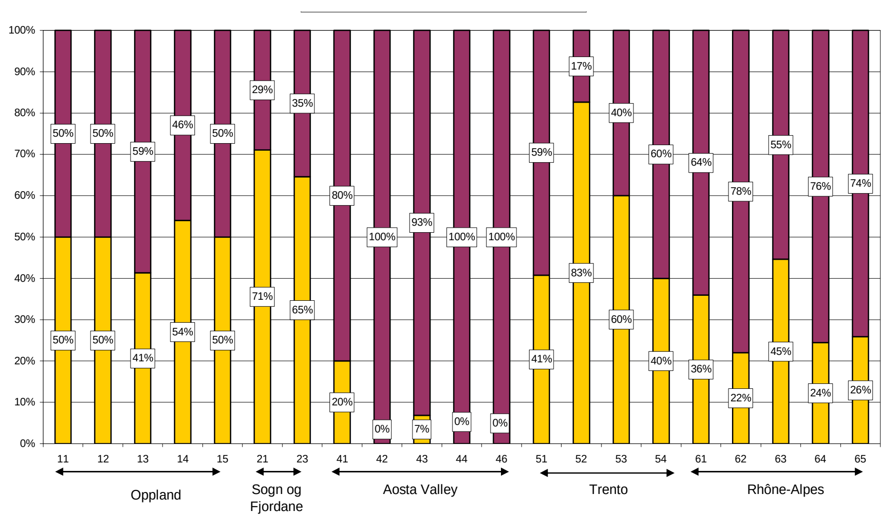
The amount of territorial authorities' intervention varies considerably, ranging between €31,250 and €2,125,000. The relative share of public subsidies in total project funding is extremely variable too, at between 17% and 100% (see the graphs below).

[2] NUTS stands for the '*Nomenclature Units for Territorial Statistics'*
[3] European Regional Development Fund
[4] European Fishery Fund

Graph : amount of grants per project and amount of self financing (euros)



Graph : part of public grants and of self-financing in the financing of each projects (euros)



- **What is the relative share of the different territorial authorities in public subsidies granted to projects?**

Looking at the 21 projects as a whole, funding comes from:

1. First, States (16 projects supported – on average 70% of total funding);
2. Second, Nuts 2 regions (9 projects supported – on average 47% of total funding);
3. Third, the EU (10 projects supported – on average 33% of total funding). However, seven case studies (from the Norwegian regions of Oppland and Sogn og Fjordane) survey projects outside the EU, while the latter funded most of the projects carried out in the four regions situated within its borders (10 out of 14 projects). Its average share of total funding is limited to 33% because it only provides self-financing alongside national subsidies (the EU never acts as sole funding authority).
4. The local level (Nuts 4 and Nuts 5) only plays a marginal financial role. On the other hand, its does play a sizeable non-financial role by encouraging stakeholders, assisting them in finding funding sources, providing premises, etc.

Table: Relative share of the different tiers of government in project funding (1st line: general average; 2nd line: average in supported projects)

		EU	State (Nuts 1)	Nuts 2	Nuts 3	Nuts 4	Nuts 5	Total
All projects (tot. = 100%)	%	16%	53%	20%	9%	1%	1%	100%
Relative share of the different tiers of government, taking into account only those projects actually supported	Percentage share	33%	70%	47%	28%	15%	11%	-
	Number of projects	n=10	n=16	n=9	n=7	n=1	n=2	-

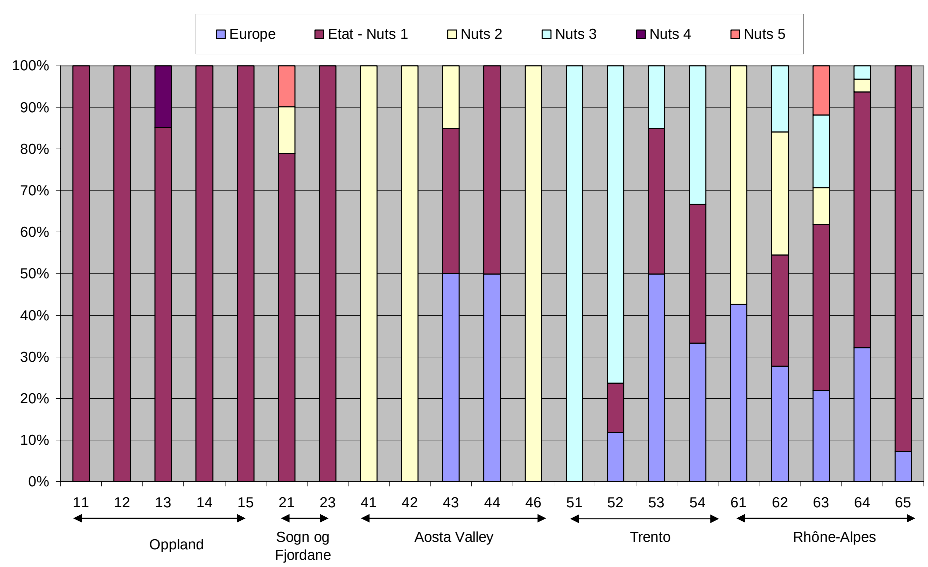
➢ The diverse origin of public funding across surveyed regions

The relative share of the different territorial authorities in project funding varies greatly across surveyed regions. In both Norwegian regions, the State is practically the sole source of project finance. In Rhône-Alpes and Trento, the State and the EU are the main funding sources (respectively with 71% and 60%), whereas in Aosta Valley, the main source is the region (63%).

Geographical level	***EU and State*** *EU + Nuts 1*	***Regional*** *Nuts 2 + Nuts 3*	***Local*** *Nuts 4+ Nuts 5*
Oppland	97%	0%	3%
Sogn og Fjordane	90%	5%	5%
Aosta Valley	37%	63%	0%
Trento	60%	40%	0%
Rhône-Alpes	71%	27%	2%
Total	69%	30%	2%

Detailed examination of regional data reveals that within individual regions, project funding sources may be either very similar or extremely variable across the range of projects. For instance, between 80% and 100% of the funding of all seven Norwegian regions' projects is national. In the other three regions (Trento, Aosta Valley and Rhône-Alpes), funding packages are more complex, several tiers of government making variable contributions to most projects (see table on next page).

Graph: Diversity of interventions in each of the regions (sharing in % for each level of territorial authorities within the public grants gave to the projects)



Worth noting additionally with respect to the above graph is that the decision to earmark funding for projects is not necessarily taken by the tier of government that actually provides the funding. Indeed:

- in all five Oppland region projects and in one Sogn og Fjordane project (nr 23), funding was provided by the State but the funding decision was taken at regional level through a regional office of the national agency "Innovation Norway";
- three Aosta Valley and Trento projects (nr 43, 52, 54) are funded by multiple sources pursuant to a local decision taken within the framework of a Leader+ programme; it is the same for one project in Aosta Valley, supported via a Leader+ programme, but with funds coming only from the Region (Nuts2).
- all other projects are funded by as many tiers of government as there are decisional levels, which does not necessarily mean that there was no coordination among them.

3.2. How do territorial authorities support product and resource development projects?

3.2.1. The different mechanisms of territorial authorities' intervention

Based on the case studies, territorial authorities' intervention is described according to the different forms it takes.

- **Tangible or intangible support**

In most cases, territorial authorities' intervention was intangible: actions in support of product quality, marketing and communication, project coordination, efforts to secure legal protection for products, training. In the case of nine projects, support was granted in the form of tangible investment (infrastructure, buildings, etc.) but two projects received tangible support only.

- **Focused or broad support**

Territorial authorities' intervention may address one or more activities. It was deemed "focused" where only one type of action was supported (e.g. investment subsidies only) and "broad" when two or more activities were supported, which was the more frequent scenario (16 out of 21 projects). Where support was focused, it was generally (4/5 projects) provided by one territorial authority. However, also evident is that even territorial authorities that provide support alone may actually support several actions.

- **Subsidy transfer arrangements**

Territorial authorities' support for individual activities may be paid over several years (12/21) or transferred as a single payment (5/21) or in annual instalments (4/21). In the latter case, transfers are repeated annually without ex ante payment scheduling: either the funding decision is renewed annually as long as intervention continues or different types of subsidies (under different headings) are granted over the lifespan of the project.

- **Individual or collective support**

Funding was considered either collective when granted to several companies or producers acting as single stakeholder, or individual when awarded directly to a single company or individually to the different members of project-leading organisations.

- **Duration of support**

In all survey cases, the duration of territorial authorities' intervention reflected project length.

Finally, projects were assigned to categories to organise and present financial data in the form of funding mechanisms (stakeholder self-financing requirement, relative share of the different territorial authorities in total funding earmarked for individual projects), to which was added the number of territorial authorities taking part in the different projects.

Some lessons learned from the description of government intervention

Across the range of 21 projects, government intervention:

- very often supported <u>several action of the project</u> (16/21)
- almost systematically supported <u>intangible activities</u> (19/21) but also occasionally included funding for tangible investment (9/21).
- is delivered in half of the cases (12/21) through <u>grants spread over several years</u>. (long term grant). Annual transfers are not widespread (4/21).
- is granted in a majority of cases (17/21) over a maximum <u>period</u> of four years.

Table: The different modalities of territorial authority's intervention and their frequency among the 21 case studies.

Categories of modalities	Modalities	Frequency (number of case studies)
Material or immatérial support	*Intangible*	14
	Tangible and intangible	5
	Exclusively tangible	2
Focused or broad support	*Focused*	5
	Broad	16
Subsidy transfer arrangements	*Single payment*	5
	Multiannual grant	12
	Annual grant	4
Individual or collective support	*Collective*	8
	Collective & individual	2
	Individual	4
Duration of support	*1 or 2 years*	7
	3 or 4 years	10
	6 or more years	4
Stakeholder self-financing requirement (as a percentage of total project budget)	*Low (0-30%)*	8
	Intermediate (31-50%)	8
	High (50+%)	5
Number of governments providing financial support	*1 government*	8
	2 governments	6
	3 or more governments	7

3.2.2. What form does territorial authorities' intervention take according to project nature?

Based on the variables presented above, a classification of territorial authorities' intervention was produced in order to provide a clearer description of the different intervention modalities in evidence among the 21 projects. This was done using a discriminant factor analysis (DFA), which delivered four broad categories of intervention (see graph and table below), which were then crossed with project characteristics (see next table).

Table: Classification of government intervention in four categories and crossing with project characteristics

	1 (n=5)	3 (n=6)	2 (n=4)	4 (n=6)
Intervention Key intervention characteristics	- EU Support **- Multiple authorities** (more than 2) support the project (intermediate EU and State shares) - High self-financing - Low share of public funding	- EU Support **- Multiple authorities** (more than 2) support the project (intermediate EU and State shares) - Low self-financing - High share of public funding	- High share of **regional funding** (Nuts 2/3) - Focused intervention - Low self-financing	- Majority **national funding** (State) - **one authority** - short-term intervention - mechanism: single payment
Project characteristics	Private stakeholders (companies or business groupings) Agro-food projects (5/5)	Public stakeholders (territorial authorities) Tourism projects	Simple projects (none involving more than three activities) All product types	All product types
Regions	Trento + Rhône-Alpes	Rhône-Alpes + Trento	Aosta Valley (3/4)	Oppland (5/5)
Project codes	21, 52, 53, 61, 62	43, 44, 54, 63, 64, 65	41, 42, 46, 51	11, 12, 13,14, 15,23

Highlighted in gray: most significant characteristics

Four main observations can be derived from this analysis. Among the 21 case studies, territorial authorities intervention varies according to:

- regions (see section 3.3 for an analysis);
- product type,
- stakeholder nature;
- project complexity.

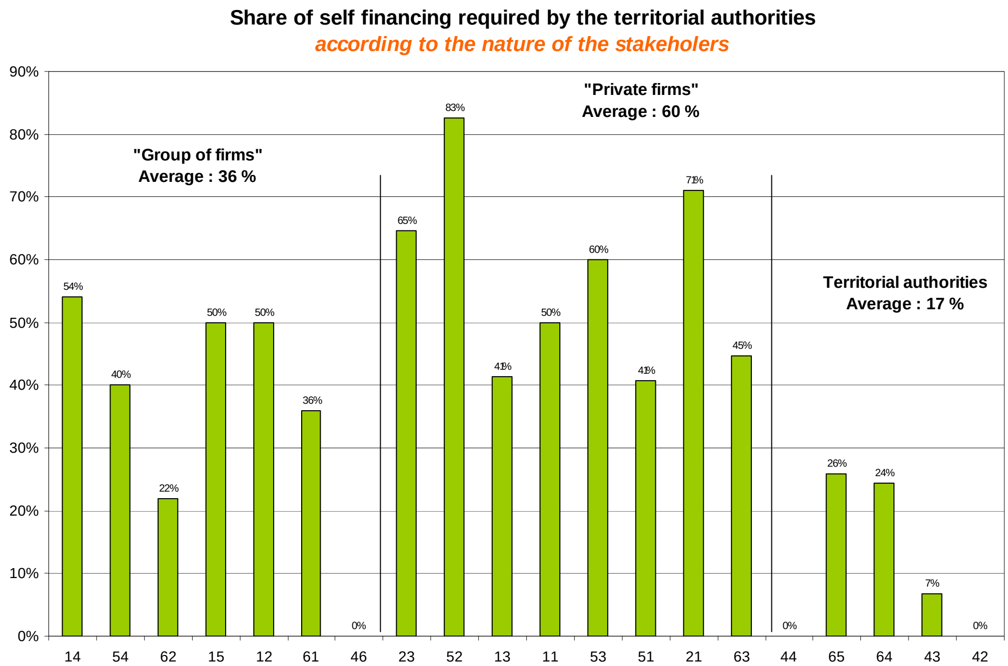
➢ **Intervention modalities vary according to product type**

- Most agro-food projects are supported from interventions that are both immaterial and broad (multiple activities);
- Tourism projects are mostly supported from grants and material investment (infrastructure, buildings, etc.);
- Craft projects tend to receive immaterial support (project coordination, activities in the field of quality, etc.).

➢ **Intervention mechanisms vary according to stakeholder nature**

As a rule, stakeholder self-financing requirements are high in the case of private companies and low for projects led directly by territorial authorities. In projects led by networks / business groupings, self-financing requirements are intermediate.

Table: Share of self financing required according to the nature of the stakeholders



It appears that territorial authorities adjust stakeholder self-financing requirements to their financial means. Indeed, while private companies are more readily able to earmark resources for their projects due to their commercial activities, this is apparently less true of business groupings whose own funds are often limited to their members' contributions. This realisation raises two types of issues:

- In the case of very high self-financing requirements – above 70% and sometimes even 80% (e.g. projects nr 21 and 52) – the actual impact of subsidies comes into question: would it not have been possible to bring these projects to fruition without grants?

- Conversely, in the case of very low self-financing requirements – below 30% (three projects in Rhône-Alpes: 62, 64, 65; and one in Aosta Valley: 43) and sometimes even non-existent (three projects in Aosta Valley: 46, 44, 42), questions arise as to stakeholder commitment and involvement.

➢ **Intervention modalities vary according to project complexity**

Among the 21 case studies, it appears that the more complex projects (involving several types of activities) tend to be supported simultaneously by multiple public authorities – among which the State and EU shoulder a rather sizeable share of project funding – and require a high level of self-financing.

3.2.3. Do certain intervention mechanisms contribute more to project success than others?

In 18 out of 21 surveyed projects, it is possible to assess whether project objectives have indeed been reached (based on section 5 of the questionnaire, see p. 3). The objectives defined at the start of 10 out of 18 projects have been reached so these can be considered successful projects. In the case of the other eight projects however, all or part of the initial objectives have not been reached; therefore the conclusion is that these have not been entirely successful, although that does not mean that they should be deemed to have failed. Thus it is possible to venture a number of observations by crossing the different territorial authorities' intervention mechanisms with relative project success assessments.

➢ In terms of **project nature**, intermediate size projects can generally be seen as those which have been comparatively less successful (as a rule, the smaller and larger projects have been more successful). Also, projects whose stakeholders were business groupings tended to be less successful (4/5).

➢ As far as public authorities' intervention mechanisms are concerned, worth noting is that in less successful projects:
  - stakeholder <u>self-financing</u> requirements were comparatively low;
  - support was more often in the form of <u>annual grants</u>, i.e. yearly or irregular payments that are not planned over several years;
  - there is no correlation with the four types of territorial authorities intervention listed above.

While it is impossible to identify a direct causal link between authorities intervention mechanisms and project success or to draw obvious conclusions from our analysis, it seems that two specific intervention mechanisms should be considered only with a degree of care:
- support in the form of annual subsidies, which does not afford stakeholders long-term visibility in terms of the funding they will receive.
- Public project funding levels: while there is probably virtue in adjusting stakeholder self-financing requirements to their means, excessively low stakeholder self-financing requirements may prevent adequate commitment on their part.

3.3. Territorial authorities intervention mechanism variations across surveyed regions

To an even greater extent than among projects, major differences emerged in terms of government intervention between the 5 regions in which projects were surveyed. This is the chief finding resulting from the classification. Indeed, four main territorial authorities' intervention models can be derived from an analysis of the mechanisms most frequently used by regions.

Oppland and Sogn of Fjordane (Norway)

All projects were supported by a State company called Innovation Norway whose mission consists in promoting economic and tourism development as well a regional development and innovation. Innovation Norway's intervention can de described as **"substantial support in the early stages of projects"**:

- grants are high compared to the economic significance of the stream or company;
- support is short (generally 1 to 2 years);
- stakeholder self-financing requirements are rather high (generally 50%);
- most of the funding comes from the State, although funding earmarking decisions are generally taken at regional level;
- relationships between stakeholders and regional governments are few or non-existent.

Innovation Norway's intervention is more or less the same irrespective of project nature (product type, stakeholder nature) and few if any adjustments are made to reflect project specifics. This intervention format requires stakeholders to be able to define their projects by themselves or possibly with the help of consultants. There is a strong government requirement for project quality and it is against this test that projects with the best chances of success are selected. The limitation of this model is that it is poorly suited to support emerging projects (that by nature cannot be adequately formalised and) which are handled differently by Innovation Norway.

The above description corresponds to projects: 11, 12, 13, 14, 15, 21 and 23 (all except the Flaam project – nr 22).

Rhône-Alpes and Trento

Generally speaking, government intervention in the regions of Trento and Rhône-Alpes can be described as **"long-term support for projects"**. It is characterised by:

- an intervention timeframe of four to six years;
- intermediate stakeholder self-financing requirements (25-40%);
- multiple governments providing financial support (between two and five different public funding authorities);
- often closer ties between governments and stakeholders compared to the Norwegian model.

One issue arising from the Rhône-Alpes case studies relates to the monitoring and evaluation responsibility of the different governments.

The above description corresponds to projects: 53, 54, 61, 62, 64 and 65.

Aosta Valley Autonomous Region

With the exception of the Fontina project led by an interprofessional consortium, all Aosta Valley projects are led either by local government (municipalities or mountain communities) receiving support from other layers of government or directly by regional authorities (Aosta Valley Autonomous Region). In the latter case, the stakeholder and public funding authority are one and the same party. This strongly influences intervention mechanisms in the region, which are characterised by:

- the overarching weight of Aosta Valley Autonomous Region in driving intervention in support of the different projects. It is almost always represented as project funding authority alongside cofunding from either the State or the EU. Intervention may also be in the form of a contribution to the implementation of a regional policy (e.g. Lake Lod – project nr 42);
- the very low – or non-existent – self-financing requirement imposed on stakeholders (0-20%).

This intervention model raises the issue of stakeholder commitment in terms of mobilisation and financial participation. Indeed, one finding of the study was that instances of low self-financing were rather more frequently in evidence in the case of less successful projects.

The above description corresponds to projects: 41, 42, 43 and 44.

A special case: Flaam Tourist Train (Sogn og Fjordane – Norway)

While this project is not included in the comparative analysis due to its special nature, it is nevertheless a very unique experience that is worth presenting (for more detailed information, see the report introducing the case studies for Sogn og Fjordane). Indeed, it is an example of **“direct government investment in a local development project”** with several distinctive features:

- the project was led by a close-knit public-private partnership whose membership includes a leading municipality (Aurland), several national public institutions and private companies (bank and shipping line). This partnership is incorporated as a private trading company.
- Public self-financing is provided not in the form of subsidies but rather is used to finance investment directly in the form of a share of the trading company’s stock, which further illustrates the unique approach of this project.
- Investment is massive (€21 million) and supported by sizeable collateral public investment in spatial planning and infrastructure (tunnel, roads).

The above description corresponds to project nr 22.

The above description and analysis of territorial authorities’ intervention reveals both sizeable differences between the five regions of the study and tailored intervention according to certain project characteristics (including product type, stakeholder nature and project complexity).

Also in evidence is that stakeholder self-financing requirements and subsidy transfer arrangements (single, annual or multiannual payments) are likely to influence project success or failure.

It is not possible for us to provide any elements to the question: is there intervention in favour of projects specific to mountain areas? Our study focussed case studies located in mountain areas, it is impossible to analyse in what extend, the modality of supports provided to the projects by the territorial activities are specific to a mountainous situation.

To identify recommendations in relation to territorial authorities’ intervention, the next section seeks to ask key questions about the nature and format of support to be provided to product and resource development projects.

4. Lessons to be Learned and Questions Arising from the Study

4.1. METHODOLOGY

For the purpose of analysing government intervention beyond the above description, the four criteria below have been identified:

1. effectiveness of territorial authorities' intervention;
2. appropriateness of territorial authorities' intervention;
3. territorial authorities' monitoring of projects;
4. efficiency of territorial authorities' intervention.

Two questions were asked to measure the **effectiveness** of territorial authorities intervention:

- Have project objectives been reached?
- Have objectives other than those originally planned been reached?

Self-evidently, success in reaching project objective(s) does not hinge solely on territorial authorities' intervention. Many other factors also come into play, including aspects of project environment (for instance in the case of a tourism product development project: fewer visitors due to weather conditions, less abundant snowfalls or a rainy summer or a fall in the number of international visitors due to fears of terrorist attacks), stakeholder nature and motivation or proper identification and commitment of funding requirements.
This being said, success or failure in reaching set objectives is the first test and also the most easily measurable criteria.

To measure government intervention **relevance** (appropriateness), several questions were asked:

- Was the nature of support (investment, coordination, etc.) appropriate?
- Were the arrangements and duration of funding (annual, multiannual) appropriate?
- Was financial support (funding rate) adequate and appropriate? Was it too high?
- Was there adequate and appropriate coordination among the different government interventions? Were the different interventions congruent?
- Did territorial authorities' intervention correspond to the needs of the stakeholders? Was it in tune with the different stages of the project lifecycle (kick-off, cruising speed, etc.)?
- What would have happened in the absence of territorial authorities' intervention? Absence of a project, different project? If so, how would it have been different?
- Was government support too restrictive for stakeholders? Conversely, did it afford them too much margin for manoeuvre?
- Is government intervention considered too simple or too complicated?
- What are the means used by government to evaluate ex-post the appropriateness of its intervention (study, diagnosis, etc.)?

Our approach consisted in trying to identify and explain the positive and negative aspects of each project.

To evaluate government **monitoring** of projects, the following was looked into:

- Project monitoring and control categories and mechanisms:
  - Administrative and financial monitoring only?
  - Questions and substantive analysis involving both stakeholders and public funding authorities?
  - Frequency of meetings? Field visits?
- The quality of the relationship and cooperation between government, local authorities and stakeholders.

For each of the three criteria above (effectiveness, appropriateness, monitoring) and in order to obtain a range of assessments and opinions, researchers were instructed to meet with all interested parties: representatives of project owners and the different governments involved.

They were also invited to ask all interviewees – users or providers of public funding alike – the following question: "*in your opinion how would you rate the territorial authorities' relevance and monitoring?*"
In the questionnaire form, interviewers then had to fill in a summary assessment ("good/average/poor") for each criterion and explain their judgment.

Evaluating the **efficiency** of territorial authorities' intervention was the most difficult part. The question asked was: is it possible to measure the efficiency of public funding earmarked for the project against the objectives that were reached?
Examples of indicators to measure intervention efficiency:

- Total subsidy per new job,
- Total subsidy per production unit,
- Total subsidy per producer involved in the product stream,
- Total subsidy against value added per product unit.

4.2. OUTCOMES

In the five surveyed areas, answers for the first three indicators included:

- in one survey area, the average score given for each criterion by all interviewees of individual projects, plus the summary assessment and explanation.
- in three survey areas, the summary assessment only, which was always "good" or "average" but with little or nothing in the way of an explanation.
- in one survey, a complete absence of answers.

Time and financial resources prevented further investigation of these answers. However, it was decided, based on the overview of territorial authority interventions (see section 4 above) and on discussions among the partners within the steering committee, to seek to draw lessons and recommendations for further discussion at the final seminar. Those are presented below.

4.3. LESSONS AND RECOMMENDATIONS

The different issues that follow come from the analysis of the case studies presented in this report. They have been presented during the final seminar in Flaam the 10^{th} and 11^{th} of July 2006; they have been debated and completed thanks to the exchanges that hold between the partners of the project. They should therefore be completed with the reading of the report of the final seminar.

- **Issues relating to stakeholder commitment**

Stakeholder commitment can namely be measured against two criteria:

- a rather subjective criteria: stakeholder involvement in project definition, objectives and means needed to achieve them;
- a more objective criterion: stakeholder participation in project funding (i.e. self-financing).

Based on an analysis of projects that failed to reach all their objectives and in the opinion of all Euromountains.net partners for theme2, financial commitment by the project owner and stakeholder is indeed a success factor. Having a vested financial interest or stake in a project increases stakeholder responsibility and accountability.
Without drawing any conclusions on that basis in terms of the degree of (de)mobilisation of parties directly involved in projects, the situation can be termed exceptional in three Aosta Valley projects, 80 to 100% of whose funding was in the form of grants contributed exclusively by one local government.

- **Government requirements and monitoring of projects**

The issue remains completely open concerning the level of requirements that the territorial authorities in exchange of shouldering part of the cost of a project. We develop further the question of the competencies that the local authorities must have in return. Below is an attempt to highlight the four possible scenarios (for initiatives beyond the stage of emerging projects).

Government / Project developed and managed by owner	**High expectations** Territorial authorities only support projects that are coherent, properly developed and theoretically reliable.	**Low expectations** Territorial authorities are prepared to support – and even take risks on behalf of – projects of all kinds, even if they look comparatively less coherent.
Strong capacity The project owner is able to define his own strategy and objectives and the means needed to achieve them.	A. The chances of project success – or at least of both achieving the objectives and properly using public funding – are high.	B. According to this scenario, the project owner knows how to put together a project, what public funding he will apply for and will secure it without major problems.
Weak capacity Beyond concept and intent, the project owner is unable to develop a coherent, structured project to which he then commits.	C. As he is unable to meet government expectations, the would-be project owner should logically be turned down when applying for support in the form of public subsidies.	D. There is a sizeable risk that public money will be earmarked for projects that are comparatively more likely to fail.

This evaluation grid has been submitted to the opinion of the audience during the final seminar that held in Norway on 10 & 11 May 2006.

At the risk of being criticised, below are a few comments about the different surveyed projects. In the case of the 5 projects supported by Oppland County, Norway, described in the survey, public funding was contributed through Norway Innovation. This body acts as a filter and selects projects. Only projects with guarantees and a reasonable chance of success are supported. They can therefore be assigned to category A above. The intervention from the territorial authorities is significant, as support respectively represents 46% (one project), 50% (three projects) and 59% (one project) of total project budgets.

As for the *Viande de Maurienne* (“Maurienne massif meat”) project in Rhône-Alpes, the definition of project contents was inadequate. Nearly all of the funding was used to finance the post of a coordinator. The project did include communication activities but no action whatsoever on product quality – even though this was an identified weakness. The actual stakeholders’ self-financing rate was low. The project was terminated when public funding ran out. As for the public authorities that took part in the project (Regional Council, local authorities and representatives of the French national government), they put (too much of) their trust in the project owner and stakeholder who defined its contents. Being overcritical, one could assign this project to category D above.

There were evidently no case studies whose projects can be assigned to category C. The only remark we made to the Oppland partner is that emerging projects from their County would fit within this category if the same selection criteria had been applied to them as were to the projects they surveyed and described. They replied that there are different methods to evaluate and support projects at the emerging stage of their development.

- **Territorial authorities project monitoring mechanisms**

It is up to project owners to define their objectives and the means they intend to dedicate to their achievement. When applying for public funding, government may answer positively or negatively or make its intervention conditional upon amendments to the project. But what is its role downstream of the funding decision? To what extent should territorial authorities be involved in monitoring project execution?
It is worth noting first of all that the monitoring function can be performed by:

- a territorial authority itself;
- a territorial authorities pool;
- the representative of the Member State acting by delegation, in the case of EU funds;
- a local government or body – e.g. the Leader Fund management body – again acting by delegation, where funding comes from multiple sources (EU as well as regional or provincial funding). In this case, there is a need to clearly define the respective roles of the different parties as funding authorities or bodies in charge of monitoring funding utilisation and demanding justificatory evidence. Malfunctions have been identified due to the absence of a clearly defined responsibility for local government as the authority closest to the field, and of the regional or provincial government.

If funding authorities, or the bodies acting on their behalf, exclusively perform routine administrative and financial management tasks, ensuring only that justificatory evidence submitted meets set requirements of form without examining the legitimacy of activities or their actual effect or impact on the project, there is a risk that while planned expenses are effected and duly justified the objectives of the project itself may not ultimately be reached.
Conversely, if funding authorities are intent on playing a more active role in evaluating project outcomes and the contribution of activities toward achieving project objectives, then the relevant public authority:

1. needs to have the ability to do so, i.e. to have the technical capacity, know-how, in-house competences and adequate human resources available to conduct this evaluation;
2. needs to define the narrow scope of its intervention in advance with the project owner or farming and/or rural development agencies or bodies to avoid any confusion as to the respective roles of the different parties.

- **Types of subsidies transferred**

Have project owners faced specific difficulties when it comes to subsidy transfer arrangements with funding authorities (single, annual or multiannual payments)?

Initial, tentative findings were derived from the examination of projects that failed to reach all of their objectives. More than the successful ones, these are characterised by an overrepresentation of annual subsidies falling outside the scope of any mid- to long-term programmes and transferred irregularly and/or from different sources.

- **Tailoring intervention to project stages/status: kick-off, cruising speed, re-launch or crisis**

What are the rules governing, and optimum conditions of, government intervention at different stages of project implementation? Are some tiers of governments more suitable than others as funding authorities at the different stages of project development?
No concrete data is available to answer these questions, especially as funding mechanisms depend to a large extend upon the region or country in which projects are implemented. However, it does not seem that any level of government (local, regional, or even national, for that matter) is *a priori* particularly suited to any specific phase or stage of the project lifecycle or to any particular type of project.

5. Conclusion

In this study, only a relatively small number of cases was analysed. It nevertheless brought to light a great diversity in the promotional projects set up for products and resources by private and public organisations in six European regions. It showed the diversity of ways in which local authorities accompany and support these projects and also indicated several guiding lines.

From the European Union to local authorities, via the State, many institutions intervene in support of this type of project. This indicates two things: that the support for the projects does not emanate from a single type of local authority and that the political will to support them is shared by many of the authorities.

The conditions of intervention (material or non-material assistance, duration etc.) differ according to the nature of the project's parent organisation (public or private), the type of products or resources (agro-food, crafts or tourism) being promoted, and the complexity of the projects.

The differences in intervention are greatest between the different zones being studied. This confirms the value of exchanges between European regions on the practices of authorities regarding support of projects, whether the support comes from the State or from NUTS echelons 2 to 5.

These results have methodological limitations and the number of case-studies is not very great, so care must be taken in drawing conclusions; they are nevertheless instructive and greatly helped in the preparation of questions for consideration by the participants of the final seminar of theme 2 of the project Euromountains.net on the 10 and 11 May 2006 at Flåm.
What were the main conclusions of the debates of this seminar? How can local and regional authorities retain the capacity to influence regional development?

1. It seems important that local authorities should take risks in supporting projects and that they do not limit their interventions to projects which are certain to succeed.
2. Local authorities must define their intervention priorities (as well as their policy and their own objectives) and be able to adapt their intervention on the ground depending on:
    a. the stage of the project: emerging, normal development, difficult period, crisis etc.
    b. the type of project: a project for a whole sector or the project of a private enterprise, for example,
3. This requires sufficient know-how and availability within the local authority involved to assume charge of a demand and then to follow up the project as it develops.
4. Self-financing is seen by the participants of the programme as a good criterion in the *a priori* appreciation of a project's chances of success, but the requirements on this point must be adapted to the type of project; the requirement would not be the same for the project of an enterprise and for a complex project in the public interest of a territorial area.
5. The modes of decision-making, follow-up and control must be precisely defined when several local authorities intervene, particularly when a delegation is set up.
6. Project parent organisations are more confident when the medium-term finance is clearly specified.

These conclusions achieved a consensus among the participants at the seminar of Flåm. However this was just a first step. The next step is for the local authorities (not only those who are partners of Euromountains.net but were not involved in Theme 2, but also all the others in Europe – this would of course involve considerable work for the communication of the results) to open the debate on these conclusions and recommendations. It is now up to each individual local authority to first validate, or not, the above propositions and then to analyse their current interventions and make any necessary changes.

In this way, the work, study-travel, seminars and exchanges undertaken for the Euromountains.net study will have served their purpose.

Glossary

Territorial authority: within this document, “territorial authority” has to be understood as the set of institutions, from various geographical levels, that are likely to bring a support to projects for promotion of products. This word groups therefore national authorities (the States), local authorities (Region, County, Province, Municipality, Commune…) and also the European Union.

Stakeholder: with the body or organisation (association, enterprise or even a network of actors) that is at the origin of the project and that is managing it.

Owner: stakeholder

Annual grant: modality of grant from the authorities in a form of renewed funding on several years but without any programming at the beginning: either the grant is renewed each year of the intervention or various grants are delivered during the project.

Long-term grant: modality of grant from the authorities in a form of funding planned in advance over several years

APPENDIX 1

Description of the projects studied in the framework of Euromountains.net – theme 2

Code	Region	Name of the project	type of product	Product	nature of the stakeholder	Objectives of the project	Amount of projects (€)	content of the projects
11	Oppland	Stock og Stein	Craft	Traditionnal Wood buildings	Private company	Economic : maintaining local employment on economic : revitalise traditional building techniques	62 500	- training : courses for employees to improve skills on maintenance of cultural heritage
12	Oppland	Kulturgarder i Gudbrandsdalen	Tourist	Cultural activities in farms	Cooperative	economic : network, quality improvement, improving regional market, - Non economic : developing local cultural identity	80 000	quality : food quality measurements, new dishes creation, identifying skills needs, study trip
13	Oppland	Fjellgeit BA	Agro-food	Goat cheese	Cooperative	Economic : collective selling, develop new product to maintain local production	150 000	quality : develop new product, market : organising logistic for distribution on faraway markets
14	Oppland	Valdres Rakfisk	Agro-food	half fermented trouts	Cooperative	- economic : denomination protection (sharing brand); guaranteeing product quality	250 000	- quality : implementing common standards - market : improving knowledge/market ; logo creation-legal protection : PDO seeking
15	Oppland	Valdres Kurv BA	Agro-food	Traditional sausages	Cooperative	economic : to build a cooperation between competitive producers	130 000	- quality : standard process + practices recording; market : logo creation; Legal protection : PDO seeking ; business plan
21	Sogn og Fjordane	Underdal goat cheese	Agro-food	Goat Cheese	Cooperative (processing)	Economic : maintaining goat activity & local employment	847 215	investments in dairy plant; quality : R&D quality control; product development; Training/skills : education on cheese processing
22	Sogn og Fjordane	"Flaam Railway" tourist train	Tourist	tourist train	Publicly-owned company	Economic : develop an economic activity that creates job opportunities, in order to maintain local employment	21 500 000	investments : hotel, deepwater quay, train sets (21 500 000 €)
23	Sogn og Fjordane	BioNordic	Craft	Pellet stove	Private company	Economic : maintaining local employment	1 015 800	quality : R&D, design; Marketing; planning of the project
41	Aosta Valley	"Mills pathway" project	Tourist	"Mills pathway"	Mountain community (nuts 4)		102 000	investment : small infrastructures; coordination and communication
42	Aosta Valley	Lake of Lod (Chamois)	Tourist	Picnic installation	Aosta region (nuts2)		200 000	investment : picnic installation area
43	Aosta Valley	Ratus gorge (Pontboset)	Tourist	Public installations for the Ratus river gorge	Mountain community (nuts 4)		73 177	investment : thematic and sportive pathway /installation

Code	Region	Name of the project	type of product	Product	nature of the stakeholder	Objectives of the project	Amount of projects (€)	content of the projects
44	Aosta Valley	"Lo Dzeut" (champorcher)	Tourist / craft	Hemp cloth	Aosta region (nuts2)		265 000	investment : Ecomuseum; - communication : animations by the cooperative on traditional activities
45	Aosta Valley	"Carnival project" (Bionaz)	Craft	Educational project around Carnival	School		?	children activities
46	Aosta Valley	Fontina milk quality project	Agro-food	Cheese	Consortium (interprofessionnal)	Economic : product protection, guarantee, communication	2 125 000	- Quality : training, traceability improving, R&D, providing advice
51	Trento	Ciresa	Craft	Wood musical instruments	Private company	Economic : marketing wood instruments non economic : wood from sustainable forest management	270 000	- Research & development
52	Trento	Maize Storo	Agro-food	Maize Storo	cooperative	Economic : to valorise the different products of local farmers	707 560	- quality : genetic characterization via R&D - market : communication - legal protection
53	Trento	Trouts' Hamburgers	Agro-food	Trento Trouts' Hamburgers	Cooperative	Economic : marketing farmers' production	100 000	- investment : (in new machines) - legal protection
54	Trento	Holidays in Baïta	Tourist	Accommodation in mountain huts	Cooperative	Economic : improving income of farmers	500 000	investment : restoration of the physical heritage; training : (to improve quality of the welcome)
61	Rhône Alpes	Beef meat from Maurienne (adunam)	Agro-food	Beef meat	Interprofessionnal association	Economic : development of a local supply chain	275 000	mobilization of actors : coordination of the supply chain; quality : technical advice; market : communication, identification of origin
62	Rhône Alpes	Fin Gras Mezenc	Agro-food	Beef meat	Interprofessionnal association	Economic : re-launch the production of a product to maintain agriculture Non economic : from this supply chain, boost the local economic development in general	475 852	market : communication; coordination of the project (animation); legal protection : PDO seeking
63	Rhône Alpes	"Paysalp"	Tourist	"Paysalp"	Association	Non economic : valorisation of natural and cultural heritage (commercial activity as a mean to strengthen a cultural policy)	2 764 572	
64	Rhône Alpes	"Sources of the Loire"	Tourist	"Sources of the Loire"	Association	Supporting the local development	130 182	communication : pedagogic tools; study trips; network with representatives from other sources
65	Rhône Alpes	"Mezenc Roofing stones"	Craft	"Mezenc Roofing stones"	Informal network (2 associations as leader)	Economic : support the re-creation of a "roofing stones" supply chain Non economic (cultural) : safeguarding this heritage and its contribution to the landscape	156 938	mobilisation of actors; skills : training for craftsmen; knowledge of the heritage :inventory of sites

Appendix 2

The different institutional levels in the four countries of the Euromountains.net study

"Nuts level"	Qualification	*France*	*Norway*	*Italy*	*Spain*
1	*National level*	**State** (Rep.)	**State** (Kingd.)	**State** (Rep.)	**State** (Kingd.)
2	*Regional level*	**Regions** (n=22) Rhône-Alpes	**Counties** (n=18) Sogn og Fjordane/ Oppland	**Regions** (n=20) Aosta Valley (Autonomous Region)	**Autonomous communities** (n=17) Andalousia
3	*Sub-regional level*	**Departements** (n=96)	-	**Provinces** (n=103) Provincia Autonoma de Trento	**Provinces** (n=50) Cordoba
4	*Intermediary level* *Local authorities grouping"* *no formal organisation (or weak); except Aosta Valley*	Pays/ EPCI	Regional Councils (grouping of 5 to 6 municipalities)	**Mountain communities** (n=356)	Regions Proder Subbética de Cordoba ; Sierra Morena,
5	*Local level /communal*	**Communes/ Towns**	**Municipalities** Luster, Aurland (SF)	**Communes (Towns)** (n=8101)	**Town Councils** Almedinilla

In yellow : the regions partners of the Euromountains.net project on theme 2.

Method used for this classification :

- inspired from the classification realized by the European Committee of the Regions (web site : http://www.cor.eu.int)
- By definition, the State level (national) is considered as Nuts 1 and the regional level Nuts 2. By definition also, the "smallest" level (municipalities) is considered as Nuts 5.
- This classification does not follow the official Nuts classification, that is based on a statistical logic (number of inhabitants) and not on an institutional logic.