

Entrepreneurship in rural areas with population decline

An Interreg Europe Policy Learning Platform event

29 – 30 May 2024

Burgos, Spain



Summary: More than 50 policy makers gathered in Burgos to exchange their experiences on how entrepreneurship can be an important component of **place reinvention** and **economic diversification strategies** designed to stabilise or revert population trends in rural areas experiencing population decline. The event included working sessions on **youth entrepreneurship**, **female entrepreneurship**, and **digital opportunities** for entrepreneurship in rural areas. On each of these themes, workshop participants developed transformation paths for European rural areas experiencing population decline. This implied agreeing on long-term objectives, and the on short and medium-term targets and intermediate steps to reach them. Impressive achievements made possible by focusing on mentoring, training and community building were presented. Such good practices are an important source of inspiration for rural areas across Europe.

1. Highlights

Workshop participants developed transformation paths for European rural areas experiencing population decline. They first addressed the question: what is their vision for these rural areas in 2040? These reflections feed into discussions on the [EU rural vision for 2040](#). Second, they identified intermediate steps to reach this goal, and short-term measures to reach them. This made it possible to highlight the importance of overcoming mental barriers and social isolation. To replace vicious circles of decline with virtuous circles of sustainable development, more entrepreneurial role models are needed. Group discussion outputs are further described below.

Promoting entrepreneurship in declining rural areas – multifaceted challenges

- Many parts of Europe have seen a population decline over a decade. While it is a pan-European problem, the solutions need to be local or regional – according to **Serafin Pazos Vidal**, Senior Expert of Rural and Territorial Development at European Association for Innovation in Local Development: “We need nuanced policies because general policies would miss the point. The risk of becoming sparsely populated is really on the local level.”
- In rural areas the topic of entrepreneurship cannot be viewed in isolation. Entrepreneurs need access to services, clients, employees, housing etc. Therefore, when thinking about enabling conditions for rural entrepreneurship one needs to think about functional rural areas – where can people find employment and accommodation, how can they move around, etc. Being fixed in administrative boundaries is not effective to provide support for rural communities.
- Multiple European funding opportunities are available for rural entrepreneurial policies. In addition, the [Long Term Vision for Rural Areas](#) offers a strategic framework for such initiatives. A [Rural Pact Community Platform](#) has been established for its implementation. Jointly with the Interreg Europe [Policy Learning Platform](#), this makes it possible for rural areas across Europe to share experiences and assert themselves.

Youth entrepreneurship – providing spaces to bring new perspectives and to test them

- **Young people are not a minority to be helped but often a misused resource.** Policy makers should involve peers acknowledged by young people to strategic discussions. Schools, universities and youth organizations should be more often involved in collecting inputs and proposals to feed into decision making processes.
- Creating and maintaining a business is only one of the multiple goals of entrepreneurial programs aimed at youth. Marco Costantino from Youth Policy Unit of Puglia Region explained that **the goal is not to support startups as such, but rather to improve youth involvement through such initiatives:** to improve their human capital, to enhance soft and life skills.
- **Peer-to-peer learning methods are particularly beneficial** for young entrepreneurs while mentoring support has been proven to increase business survival rate compared to market average. According to Gustavs M. Upmanis, founder of the Latvian Visas [Iespējas](#) (All Opportunities) and Darba [Tinderis](#) (MatchWork) platforms, one of the main reasons why youth do not take up entrepreneurship/work opportunities is fear – they need encouragement and soft-support to take the first steps.
- Youth want to spend time with other youth – that is the foundation for staying in a region. Therefore, there need to be physical and social spaces for community building and events. Youth need a place to live, decent jobs (education and training) and cultural activities (volunteering, opportunities to have fun).

Female entrepreneurship – overcoming mental barriers and isolation through role models

- There are many arguments for promoting female entrepreneurship. First, it can help **generate more employment opportunities** for women, and contribute to limit the gender imbalance. Second, evidence shows that fewer women than men start businesses in rural areas. This is partly because gender stereotypes linked to leadership and risk-taking remain strong. Potential female entrepreneurs have too few role models to relate to and draw inspiration from.
- It is therefore important to **highlight successes of female entrepreneurs**. By disseminating information about their achievements, more women in rural areas can be inspired to start their own businesses. To overcome gender stereotypes, targeted measures to increase confidence and motivation are also called for. Psychological isolation can be a challenge for all entrepreneurs, but may be particularly acute in a rural context. Paula Fitzsimons from the Irish ACORNS programme showed the benefits of bringing female entrepreneurs together, and of establishing a close dialogue with so-called 'lead entrepreneurs'. These are volunteers who have successfully started and grown businesses in rural Ireland. They operate in a wide range of economic sectors, in different parts of the country.
- Promoting female entrepreneurship is a task that requires the active involvement of authorities at all levels, and cooperation with representatives of the civil society, non-governmental organisations and businesses. As highlighted by Ana Lite Mateo from the Spanish Institute of Women, multiple bottlenecks limit female entrepreneurship, e.g. inadequate provision of essential services such as childcare and difficult raising capital. A **careful identification of needs** helps design effective female entrepreneurship support measures.
- Workshop participants also insisted that **awareness-raising** is needed. Current attitudes towards female entrepreneurship need to be challenged. Women can also be targeted by such initiatives as they may have internalised some gender stereotypes about entrepreneurship. For example, women may be more likely to engage in small-scale entrepreneurial initiatives targeting local markets rather than setting up export-oriented businesses.
- In addition to support to company creation by women (e.g. mentoring, training and inspiration) it is important to **help entrepreneurs stay in business during the first years**. Community-building measures and financial support are essential in this regard.

Digital opportunities for entrepreneurship – ICT tools serving bold revitalization visions

- Digital opportunities can generate radical rural place reinvention. However, this presupposes risk taking, acceptance of failure and a stable commitment to a shared vision. **Political leadership is therefore essential** when taking transformative steps to make rural areas more digitalized and innovative.
- In rural areas, it is particularly important to make it possible for entrepreneurs, potential employers and talents to meet. Digital tools can help enhance transparency on the labour market, as exemplified by the Latvian [Visas lespējas](#) platform. Experience from this platform shows that it can be difficult to reach rural job seekers. **Providing adequate 'community management'** to overcome this challenge is a major endeavour.
- **Hybrid ways of working** and organising events generate new perspectives for rural entrepreneurship. Individual entrepreneurs can look beyond the local community and its immediate surroundings when recruiting staff with the right profile. Tutoring and support groups can function even if participants mostly interact online. However, this only works when done in an engaging way. It is important to help entrepreneurs use features that the new mediums offer in a good way.
- **Free spaces in public buildings** can be turned into digital hubs where remote workers and local entrepreneurs could interact and develop their businesses while making use of high-speed connectivity and modern ICT tools.
- There is still a **huge digital divide** in European rural areas. According to Simone Sasso from the European Commission Joint Research Centre, only around 10 member states have Internet speed over 100mbps in rural areas. Satellite internet could be a solution to bridge the gap.

2. Good practices

Below are summaries of the good practices that were featured at the workshop by presenters and participants.

Youth entrepreneurship

[Young Lausitz initiative](#): it is a bottom-up grassroots movement of young people from Lausitz, Germany. Their goal is to make their region attractive to young people. They collect ideas from young people and take them to the political level during public discussions in the region. They have launched a “young image” campaign to attract youth to the region and make proud those who are already there.

[E-COOL project – PIN - Pugliesi Innovativi](#): PIN is a mini-grant (10.000 to 30.000 €) start-up support programme dedicated to youth aged 18-35. What distinguishes PIN is its ongoing, integrated, tailor-made, and grassroots approach to additional side-services: dedicated tutors, professional services, participation to fairs, workshops and networking. The programme has had impressive results: 70% of participants improved their employment status and 57% of NEET youth have become employed.

Female entrepreneurship

[Desafío Mujer Rural](#): The Rural Women Challenge is a national Spanish programme that aims to promote female entrepreneurship in rural areas. It facilitates access to information, advice, mentoring and specific training, helping women create or consolidate their own businesses, while supporting the female business community in rural areas to bridge the gender gap in employment and entrepreneurship. A collaboration with banks to help women access capital is also foreseen, as well as a more ambitious and better integrated support to companies during their first years of existence.

[ORIGINN project – ACORNS programme \(Accelerating the Creation Of Rural Nascent Start-ups\)](#): The ACORNS programme has been designed to support early-stage female entrepreneurs living in rural Ireland and runs over six months part-time. Based on the conviction that entrepreneurs learn best from each other, the ACORNS initiative is centred around interactive round table sessions that are facilitated by female entrepreneurs, known as ‘Lead Entrepreneurs’, who have started and successfully grown businesses in rural Ireland. Participants note a reduction in psychological isolation and an increase in confidence and motivation.

Digital opportunities for rural entrepreneurship

[Invest & Startup Fundão](#): Fundão is a small municipality in Portugal that has gone through an impressive transformation since 2012 when their development strategy went through a complete rethinking. Today the city has become an integrated ecosystem for innovation and investments. It hosts an advanced training centre, a business hub, a Digital Innovation Hub, a Fab Lab, a gaming cluster and many other initiatives aimed at revitalising the town. There is a bootcamp for software development and coding classes are offered in all public schools with AI classes to follow shortly. The municipality has also become known as a testbed for smart and sustainable solutions for agriculture.

[RuralYouthFuture project – Go Remote](#): Go Remote was a pilot project with the goal to improve the quality and quantity of remote job offerings for youth. The initiative used modern ICT tools and platforms for engaging events to provide youth the skills needed for remote working as well as to match them with prospective employers. Digital solutions like “job tinder” and career speed-dating events were carried out. There are plans to scale the pilot by Visas Iespējas, a Latvian platform for youth opportunities that sees over 15 000 visitors a month.

3. Next steps

Important general reflections subtend all aspects of entrepreneurship in areas of population decline:

Entrepreneurial policies in declining rural areas are closely linked to place reinvention. They are part of a bet on the future which requires political leadership, well-functioning cooperation between local actors and adapted multi-level governance frameworks. Entrepreneurship can in this context be approached from two perspectives. It can be a bottom-up process, letting individual initiatives determine the direction of local economic development. However, entrepreneurship can also be steered in a more collective and top-down way, as a component of the implementation of a shared vision for the future of the local community.

More space is needed for replicating proven solutions across regions and projects – we do not always need to “innovate” from scratch. **The Interreg Europe Policy Learning Platform provides relevant [sources of inspiration](#) and services to support transfers of good practices.** It is complemented by the [Rural Pact community platform](#), which is dedicated to rural challenges.

Extensive **European funding is available** for the promotion of entrepreneurial initiatives in rural areas. However, this funding often does not reach rural areas due to lack of awareness and limited capacities to manage EU funds. Furthermore, **effective support to entrepreneurship requires integrated territorial strategies.** It presupposes a combination of sufficient access to essential services, infrastructure investments, training and education strategies and soft measures to encourage the emergence of an entrepreneurial spirit and community building. The European Union has developed dedicated tools to support and finance such integrated approaches: [Integrated Territorial Investments \(ITI\)](#) and [Community Led Local Development \(CLLD\)](#). The challenge is to establish national frameworks to mobilise them in rural contexts across all Member States.

Additional resources from the Interreg Europe Policy Learning Platform:

Policy briefs

- [Business incubation: from startup to scaleup](#) (04.2024)
- [Boosting entrepreneurship in rural areas](#) (04.2020)

Events

- Webinar – [Fostering entrepreneurship through coworking spaces](#) (05.2024)
- Workshop – [Rethinking local policies: Spaces for entrepreneurship](#) (06.2023)
- Webinar – [Smart Villages](#) (06.2022)
- Webinar – [Drivers of innovation in rural areas](#) (07.2021)
- Webinar – [Youth entrepreneurship miniseries](#) (05.2021)

Peer Review & Matchmaking Reports

- [Integrated territorial development to fight depopulation](#) - Intermunicipal Community of Coimbra, Portugal (05.2023)
- [Digitalisation and technologies in light of depopulation challenges](#) - Regional Development Agency (IAF) of the Government of Aragon, Spain (09.2020)

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