



## LIPARI AND THE IMPACT OF THE EUROPEAN SOCIAL FUND

**Rose Marie Azzopardi**

*University of Malta, Malta*

This paper looks at the impact of one type of policy on the small economy of the island of Lipari in Italy. The European Social Fund provides for the financing of courses and training to upgrade the skills or provide new capabilities to people and institutions. The paper is based on a case study approach, through fieldwork conducted on the island in order to assess the impact such funding had on human and natural resources and utilizes an analytical tool developed by a team of island researchers (including the author) for an ESPON project. Results from the Lipari research shows that the ESF has had a significant positive impact on the island economy, but it would be more relevant if decisions regarding projects were actually taken by the islanders themselves rather than by the regional authorities in Sicily.

**Keywords:** European Social Fund, Lipari, island economies, Impact assessment of policies

### Introduction

Lipari is the largest island of the volcanic Aeolian Archipelago, just off the north coast of Sicily, lapping the lower Tyrrhenian Sea, only 20 kilometres away from Messina. The name of this archipelago derives from Aeolus, the god of wind. However, the climate is relatively mild with temperatures ranging from 13 to 27 degrees Celsius. The total area of Lipari is 37km<sup>2</sup> and the island has a resident population of around 11 thousand (the 2001 census figure stands at 10,554.) The islands can be reached by ferry or hydrofoil from Messina and Milazzo. In the busy tourist season, ferries operate from other ports such as Palermo, Naples and Reggio Calabria.

Lipari Commune forms part of the Province of Messina, and thus the region of Sicily. The mayor of the Lipari Commune, appoints the Giunta Comunale, which is practically the executive of Lipari. At present the Giunta consists of seven members, called 'assessori', and each member is in charge of specific administrative duties such as sport, tourism, maritime transport, and other services. Il Consiglio Comunale (Communal Council), made up of twenty members, forms the elected representatives of the people. The role of the Council is to decide on communal regulations, public projects, territorial development and the budget. These decisions are adhered to by the Giunta and the Mayor in their everyday administrative roles. Lipari also has seven Commissions (with six members each) whose function is more specific, such as public works, tourism, electricity and water, institutional affairs, and education and culture.

According to the authorities of Lipari, two European policies have had significant positive impacts on the island, encouraging and directly affecting Lipari's recent economic growth. The first is the European sustainable development strategy which focused mainly on the conservation and management of natural resources. The second includes policies leading to social inclusion targeting the island's human resources. The focus of this paper is on the valorization and improvement of human and natural resources. The assessment centres on the role regional policy and namely the European Social Fund (ESF) has had and is expected to continue to have on the citizens of Lipari.

The remainder of the paper is divided as follows. The first section defines the policy and its rationale within an economic and social environment. It provides the background for the policy. The second section provides the methodology for the analysis of the policy. The following section specifies the context within which the policy is analyzed as circumstances are important for the investigation and thus presents the Italian context and selected data on Lipari. The fourth section presents findings from the interviews conducted and assesses the effects of the ESF projects on Lipari. The fifth section provides the analysis of these impact indicators. The final section concludes.

### **The European Social Fund – Investing in People**

The ESF is one of the EU's Structural Funds, and has been one of the tools for the improvement of skills in order to reduce the divergences between different European regions, since the very beginning of the European Community in 1951 in the form of the 'Fund for the Retraining and Resettlement of Workers', (it was officially renamed as the ESF in the Treaty of Rome in 1957). Through the promotion of increased employment possibilities, the EU aims to support territorial cohesion, both in economic and social terms.

Since the 1950s, the Fund has focused on different aspects of job creation and the training and skilling of workers. Each decade has had a more deliberate focus depending on international developments and regional/national demands. For example in the 1950s, the fund was geared more to compensate for job losses by providing retraining support and resettlement aid for those wanting to look for jobs in other member states. During this period the agricultural sector was excluded. In the 1960s the fund was still only open for the public sector and already at that time co-financing existed. The focus turned more to out-migration as a direct consequence of unemployment, especially in several countries. Italy was one of the main beneficiaries at the time as it had 1.7 million people unemployed, even though this phenomenon was not present in other countries. (In fact, the period saw about 9 million southern Italians migrating).

The 1970's witnessed reforms such that the fund started to focus on specific target groups: agriculture (1972); clothing industry (1975); and in the late 70s, youth unemployment, growing role of women in the labour market, the disabled and older workers. This also led to the participation of the private sector. The 1980s saw another development, the decline of traditional sectors and the rise of new technologies and more service-oriented demands on the economy. Thus the focus of the fund turned to training in this sector, with special attention given to vocational training. Another focus was on lagging regions, directing more than half of all funding towards several such regions, especially the four Cohesion countries (Portugal, Spain, Greece and Ireland), the South of Italy and the French overseas departments. An administrative change was the multi-annual system for financial programming which replaced the annual one based on the approval of each specific project by the Commission.

The 1990s saw a shift from focusing on unemployment to one focusing on employment. Globalization demands and the growing importance of the information society also had their impact on several changes. The fund looked to encourage those already in employment to either retain such jobs, or be better able to move to other jobs (employability) by retraining. The fund also set up major community programmes (Euroform, Horizon, Now, Youthstart, Integra, and Adapt). Funding available under the ESF more than doubled and the amount directed towards the less developed regions increased to almost 70% of ESF funds.

Over the years the ESF has been the basis for the EU's strategy for the creation of jobs and growth. In the 21<sup>st</sup> century this has been the foundation for the Lisbon Agenda and more recently the 2020 Growth and Jobs strategy. Funding is available to all member states but focuses particularly on those regions where development is needed more. In the present budgeting period (2007-2013) almost €76 billion are earmarked to be allocated for the promotion of growth and jobs under the ESF, which is over 8% of the EU's total budget. The ESF is thus the financial foundation for the European Employment Strategy. More than two thirds (69%) of funding is earmarked for 'Convergence' - allowing up to 80% of co-financing – aimed at improving job creation and employment opportunities; and the remaining 31% going for regional competitiveness, focusing on building successful, globally competitive economies. The ESF has six main fields under which programmes can be financed, as shown in Table 1 below.

Table 1 – Fields for Financing under the European Social Fund

	<b>Fields for financing</b>	<b>% of total budget</b>
1	Improving human capital	34
2	Improving access to employment and accessibility	30
3	Increasing the adaptability of workers and firms, enterprises and entrepreneurs	18
4	Improving social inclusion of less-favoured persons	14
5	Strengthening institutional capacity at national, regional and local level	3
6	Mobilization for reforms in the fields of employment and inclusion	1

Source: European Union website

The allocations are decided between the Commission, the Parliament and the Member States, and include co-financing in order to encourage ownership of the seven year Operational Programmes. Funding is now available to entities in both the public and private sectors, and can include different governmental levels (national, regional, local) and different actors in the private sector (NGOs, social partners, educational institutions, etc.).

### Essentially the ESF

...addresses employment issues, ensuring accessibility to and promoting participation in the labour market. In addition, it also works to prevent social exclusion and combat discrimination by ensuring the access and inclusion of ‘disadvantaged workers’.

[http://ec.europa.eu/employment\\_social/esf/discover/esf\\_en.htm](http://ec.europa.eu/employment_social/esf/discover/esf_en.htm)

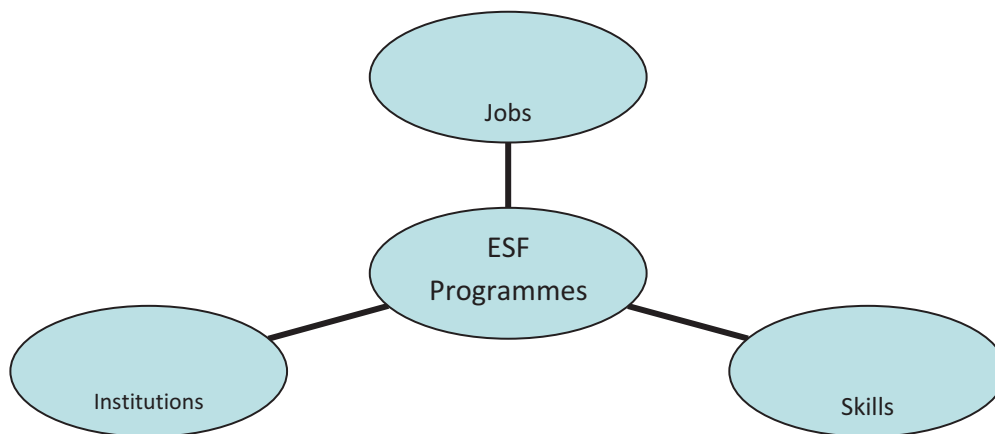
On average every year over 15 million people benefit from ESF programmes: including the unemployed/inactive (5 million); women (4.7 million); under 25 (3.2 million); over 54 (1.4 million); ethnic minorities/migrants (0.6 million); and the disabled (0.3 million).

### Impact Assessment: The Case Study Approach

An impact assessment (IA) is a means incorporating methods and processes which is used to describe advantages and disadvantages arising from different actions, in our case programmes and projects funded by the European Social Fund. An IA is an approach where assumptions, methods and results can be tested by other analysts.

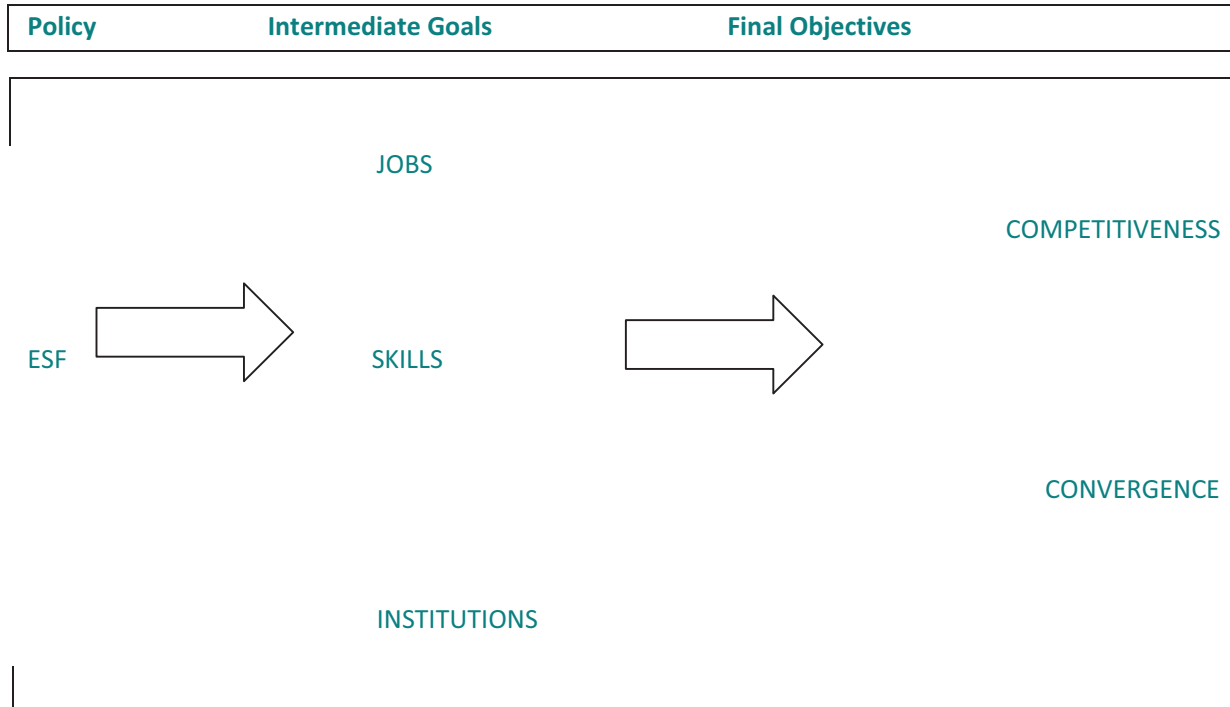
The ESF as a funding programme is intended to impact the job market, whether this deals with the creation of new jobs, the stimulation of existing ones, the skilling of new workers, the retraining of existing labour market participants, the sharpening of existing skills, or the strengthening of capabilities, whether of people or institutions. The impact of the policy is thus multifaceted, as shown in the diagram 1 below.

Diagram 1 – Impact of ESF Programmes on Jobs, Skills and Institutions



The means to reach the overall objectives of the funding programme, i.e., competitiveness and convergence, can be achieved by instigating changes in three areas: jobs (the creation of new ones and the strengthening of existing ones); skills (providing new skills and sharpening those available to workers); and institutions (new legislation, new work conditions such as flexi-hours, job-sharing, tax issues, creation of new enterprises for example catering for training needs, new start-ups). This process is given in Diagram 2.

Diagram 2 – Policy Impacts on Intermediate Goals and Final Objectives



These three areas can be considered as the intermediate goals of the policy, and provided data are available, are to a certain extent quantifiable. The end objectives of the policy are competitiveness and convergence. The former can be assessed by measuring the increase in economic activity including trade in goods and services. The second can be calculated by looking at data (such as GDP, employment rates, economic structure, poverty lines, etc.).

The problem arises in trying to ascertain the direct impact of the policies. For example, if employment in tourism increases after local guides take refresher courses, can one truly link such an increase to the new skills they have acquired? There may have been some effect in the quality of the service being provided, but it would not be justified to state that the course resulted in an increase in the number of tourists. Furthermore, when is the impact supposed to take effect, that is, what is the time lag between the action and the impact of that action? One must see this in connection with other events occurring in the community. For example, authorities may have also provided for increased touristic information at museums, public places or may have reduced entry tickets to cultural sites, or increased access to the location. Thus, finding and estimating the direct causal link between a project and the impact creates several problems. The results may be due to several actions and not merely one; thus any changes can be indicative of effects of policy implementation. Estimates based on such causal links cannot be considered as conclusive but rather tentative indications of possible outcomes.

A more precise yet time-consuming measure would be directly interviewing the persons involved in the primary action. For example, if a training course is organized for people at risk of losing their jobs,

one could follow up after a year or two to see the results of such training. The persons involved could have kept their job, but not necessarily because of that particular course but perhaps the owners of the company decided to reinvest in their company or government offered some form of support. The newly trained persons could also have become unemployed but because of the new skills gained found a new job. In this case, it is more feasible to connect the presumed impact of the training course with its lagged effects. In most cases, such direct links are less easily identifiable, and in all cases, official data would be tentative at best. Interviews with all participants benefiting from the ESF programmes would create better grounds for discovering forms of effects; but such a course of action would be impossible to conduct when one considers that the number is over 15 million people per year. In the case of islands, where the numbers are smaller, this may be a more manageable feat, provided time and resources to conduct such interviews are available.

Given that both time and resources are lacking, one needs to make hypothetical causal links and provide for possible impacts on competitiveness and convergence indicators as the ultimate objectives of the ESF, via the intermediate goals of jobs, skills and institutions in their various formats, depending on the programme being analysed.

### **Method of Analysis**

The method of analysis adopted is the case study. This has made it possible to delve into the culture of particular islands and to analyse actions within a specific context. Four steps have been identified in the process: policy description, policy analysis, policy assessment, and policy impact.

The first step entails a description of the policy to be analysed and its implementation in the national context. The second involves an analysis of the main elements of the programme theory of the policy. The third requires an assessment of the possible impacts of the policy, within the framework of the attractiveness and sustainability indicators identified in the initial process of the case study; and the final step is to measure the actual impact on the particular island, within the constraints of data availability and other resources. The main results need to be appraised in terms of usefulness, coherence and applicability for other island impact assessments.

The dearth of statistical data for small islands makes it more difficult to derive causal links between actions and impacts. In such cases, researchers need to make inferences, rather than actual direct relationships. The case study method gives a good basis to indicate the need for specific data which are lacking. Furthermore, the island impact assessment is valuable since it is a tool which can be transferable to all types of islands and policies.

### **The European Social Fund, Italy and Lipari**

The EU defines the ESF as 'a means to create more and better jobs'. The ESF is just one of the EU's Structural Funds under its Regional Cohesion Policy, whose main aim is to bring more convergence in living conditions across the 27 member states. Significant differences still exist not only across the states but also within the member states, and these Funds are intended to promote greater cohesion socially and more convergence economically. The ESF's role is thus to improve cohesion by advancing and supporting employment and training programmes for the unemployed, employees and employers.

This seems particularly important for Italy, which is prone to low employment rates, early school leavers and very low levels of participation in training and lifelong learning programmes, when compared to both the EU average and the Lisbon objectives. The employment rate in 2009 stood at 57.4% having risen by 5% in the previous decade. The rate for women is lower at 46.4%, while that for the age group 55-64 is even lower at 35.7%. Moreover, training participation is only 6% and the level of early school leavers is still 19.2%, even though it has been declining in recent years. Furthermore, there are significant

differences between the North and the South of the country, both in terms of employment rates unemployment rates and in the quality of education and training (EU website).

The country is facing growing labour market segmentation, with more and more workers employed in atypical jobs, characterized by poor conditions, temporary contracts and suffering from a lack of adaptability and mobility. Regional disparities are the widest in the EU. Employment and activity levels remain stalled in the south, mainly among women and older workers, and go hand in hand with higher rates of undeclared work. Worse still, falls in unemployment rates in these areas are partly the result of more people, and women in particular losing hope and give up the search for work.

[http://ec.europa.eu/employment\\_social/esf/docs/italy\\_en.pdf](http://ec.europa.eu/employment_social/esf/docs/italy_en.pdf)

For the period 2007-2013, about €75 billion are earmarked towards achieving the goals as laid out in the EU's strategy for Growth and Jobs. Italy's share is almost €7 billion (€6,938,007,896), which, topped up by national funds, will mean that Italy's commitment for these goals is over 15 billion euro. Italy is proposing 24 Operational Programmes under the six Priority Axes of the European Social Fund, that is: Adaptability; Employability; Social Inclusion; Human Capital; Transnational and trans-regional activities and Institutional Capacity.

### The ESF and Lipari

Lipari is a Local Administrative Unit 2 and data are not easily available at this level. The potential labour supply in Lipari is 6300, (one third of the population are old people living alone). Latest data indicate there are 4600 people employed, while the remaining are either unemployed (500) or inactive (1200). The employment rate for 2007 stood at 40.7% and 9.1% for unemployment. The economy is a service-oriented one, (mostly tourism related and local crafts). In the 1960s it was highly dependent on agriculture, fisheries and extractive activity. Table 2 shows the sectoral allocation of both employment and GDP.

Table 2 - Employment and GDP by Sector, 2008

Sectors	Employment (%)	GDP (%)
Agriculture and fisheries	3.91	1.49
Industry	17.77	17.75
Services	78.32	80.75

Of the 3000 economic/business units on the island, more than a third (35%) are directly linked to tourism, while a fifth (20%) are in construction. Fifteen percent relate equally both to fisheries and industry and crafts. Ten percent are in the transport sector, while the remaining five percent are services offered by the public administration. The main sector on Lipari is tourism, whose season is mostly active between April and October, receiving over 100,000 tourists per year. During 2008, 67,074 were national tourists, while 42,735 were international ones. The island boasts of over 100 tourist accommodation possibilities with about 35 hotels and other self-catering apartments. Favourites with tourists are traditional products, such as ceramics, paintings, wine, capers and original designer clothes.

Under the EU's programming period 2000-2006, the Municipality of Lipari has utilized several projects and programmes under the ESF. Under the present programming period 2007-2013, Lipari will have additional projects.

Table 3  
Human Resources Projects for the 2000-2006 Programming Period

Name of Project	Period of Project	Financial Base	Amount Involved	Target Group/ Participants
Identification of Models for the Management of natural resources and culture	2006	APQ* Local Development Plan for small islands	n/a	Administrators and technical staff of local enterprises
Introductory course in educational institutions on 'touristic niche markets'	2007	APQ Local Development Plan for small islands	€25,000	Representatives of educational institutions and local administrative entities
Integrated project on the valorization of cultural assets	2007-2008	PIT **Small Islands	€1,349,000	Unemployed 18-25 youths with a secondary level of education, and 26+ unemployed graduates
Islands and insularity within the Mediterranean area	2007-2008	PIT Small Islands	€800,000	Economic actors, administrators, local businesspersons
Multifunctional Centre for Women	2007-2008	PIT Small Islands	€200,000	Particular attention on women who intend to open an economic activity as self-employed

Source: Lipari Local Authorities (sent via email in May 2010)

\*APQ – *Accordo di Programma Quadro* (translated in English to Framework Programme Agreement) is a multifaceted tool for regional policy in Italy.

\*\* PIT - Territorial Integrated Plan for Minor Outlying Islands

According to the Sicilian website dedicated to the Regional Operational Plan for the European Social Fund, the region will be allocated 15% of total Italian ESF funding, amounting to 1,007 million euro.



Sicily is one of the convergence regions. Lipari forms part of the Commune of Messina, which is within the region of Sicily. The same website indicates that Lipari will profit from these funds. Funds (amounting to €181,784.08) will be allocated under Priority IV – Human Capital. At the point of writing (December 2010), only one project (under the 2007-2013 Framework) could be identified: the Istituto Tecnico Superiore per il Relievo Architettonico is planning to utilize these funds to increase access to education and professional training to individuals on Lipari. Priority IV focuses on the quality of educational provision and its effect on the labour market. This is accompanied and sustained by certification and evaluation schemes which aid training institutions to guarantee a higher quality in education and training. The aim is also to provide venues which create networking between research entities (including universities) and business companies in order to improve the higher educational possibilities and thus open up work opportunities in line with the Lisbon strategy of the knowledge economy. Further efforts are also expected to lower the rate of early school leavers.

Table 3 provides the projects funded by the ESF which were conducted under the 2000-2006 Programming Period. This information was relayed to the researcher via email early in May 2010. Five projects have been identified; two under the APQ Local Development Plan for small islands; and three under the PIT (Territorial Integrated Plan for Minor Outlying Islands) initiative. The PIT initiative incorporates all outlying islands designed as a network forming a ‘park’, a unique concept for the Mediterranean, based on cultural identity, territorial and environmental quality and the promotion of the area constituting “a container of multiple realities, wealth and resources that need management and organization of spaces that reconciles all the different aspects of a given territory.”

[http://www.consorzioecoart.it/sole\\_eolie.htm](http://www.consorzioecoart.it/sole_eolie.htm)

Table 4 - Courses offered by the Institute of Higher Education,  
**Isa Conti Eller Vainicher**

Name of Course	Period of course	Number of hours	Number of Participants Admitted	Participants who finished the course
Easy English	Oct 05/May 06	100	22	20
Le Donne e il Lavoro – Quali Opportunita nelle Eolie (Women and Work – What opportunities in the Aeolian Islands)	Jan 06/Jun 06	50	15	11
Parla col Computer (Speak with the computer)	Oct 06/Aug 07	50	26	17
English Today	Oct 06/Aug 07	100	24	13

Source: sent in August 2010 by the Institute after the interviews

Total funds allocated for the five projects amounted to almost 2.4 million euro. The target groups varied and covered both public entities and private business participants. One project was particularly focused on the young unemployed. Only minimal information is available for the fifth project, which provided for the support of new female entrepreneurs in the areas of crafts, childcare, restoration, and tourism related activities. The result was that four women actually started their own business.

L'intervento rientra nella strategia di sviluppo locale del Progetto Integrato Territoriale Isole Minori ed ha lo scopo di sostenere la nascita di imprenditoria femminile attraverso la concessione di aiuti alle iniziative realizzate nel territorio delle isole minori che prevedano lo sviluppo di attività nei settori dell'artigianato tipico, nella cura dell'infanzia, della ristorazione e dell'ospitalità e dei servizi per la fruizione turistica.

(DPO, Task Force Sicilia, 2008)

Fieldwork conducted in August 2010, resulted in more projects being identified, other than those shown in Table 3. Such projects were organized by a higher educational institution and utilized ESF funding. Most of these projects involved courses. These programmes are shown in Table 4. During the fieldwork, interviews were conducted with representatives from the local government, tourism federation, employment agency and educational institutions. These interviews revealed that at times courses were organized for all the Aeolian Islands and residents from Lipari also participated in courses organized by Sicilian authorities or for example by institutions on the island of Salina. The courses shown in Tables 3 and 4 may therefore be an under-representation of the actual number of beneficiaries from ESF programmes by the people from Lipari.

### **Assessing the Effects**

The following section provides information deriving from the interviews and assesses the effects of the ESF projects on the social, economic and environmental sectors in Lipari

Information regarding the number of students in higher education (until the age of 18) was not available. The number of unemployed has tended to remain rather stable, over the years. At times, it increased but found its balance after some time. For example, when the pumice caves had been closed in 2007, because of UNESCO's designation of the islands as World Heritage Sites due to their unique volcanic properties, this resulted in 40 people becoming unemployed. (Pumice extraction was seen as detrimental and a polluting factor for the islands as World Heritage Sites, and has therefore been stopped since 2007.) The ideal job for locals is a job in the public sector, however, no openings were currently available or contemplated for.

The focus on the younger generation appears more urgent due to the fact that the islands do not offer educational opportunities over 18 years of age; and so island students move to the mainland to continue with their higher education. This leads to students coming back to their island for summer jobs, but then return to jobs with higher returns on the mainland. The island does not appear to offer high-level jobs for graduates. Nonetheless there are agreements between employers in Lipari and the mainland for the exchange of employees to provide for differential experiences.

Some of the Aeolian islands are very small. For example, Filicudi in winter has about 300 residents meaning that perhaps 5 or 6 students of different ages need to attend school. In winter, the weather does not always guarantee that these can attend on Lipari; therefore, a project is underway to build a Student House, which would accommodate students from other islands, where they could stay for the week, returning home only for the weekend, weather permitting.

During the courses, attention was particularly given to women and their role in the labour market. Women tend to have precarious jobs. Most women who worked did so in the public sector and in tourism

related activities. Lipari has no child-care centres and this would not be possible in reality because of the small size of business entities. Family networks and extended families fill in this deficiency well. Nonetheless, plans to pool resources and possibly offer this function would probably enable some inactive women to seek employment.

Another issue revealed during the interviews was transportation. Some of the islands do not even have streets but only small tracks; public transport is non-existent. On Lipari there is a local private company which provides bus transfers from one village to another, but perhaps the main means of transportation from one beach to another, particularly in the tourist season, is via small boats. The network of boats and catamarans are also available for transportation from one island to another; but this service is not particularly reliable. Even the boat service linking the islands to the mainland is problematic, since there are few trips, even in the high peak tourist season, and there is no guarantee that time schedules are actually adhered to, so one cannot particularly book a trip and be assured it gets to the Sicilian port in time for connecting flights. Marine and port management would thus greatly enhance the provision of transportation services; but Lipari does not have a marine institute. Issues of economies of scale continue to limit this possibility. A nautical management course being contemplated would possibly have a significant effect, since the necessary infrastructure already exists. Although there is ample room for improvement, especially in minor things, such as signage and information on trips, sea conditions, routes and connections, while port safety needs to be taken more seriously.

The interviewees pointed out that courses offered are more practical than theoretical, and thus provide for greater value in the application of knowledge gained. The organizers of such courses tend to focus on the acquisition or refinement of skills. There are three basic ingredients covered in courses: languages, information technology and occupational health and security. Although courses do not necessarily provide immediate jobs, except perhaps for a small percentage, nonetheless in the long run, skills and knowledge gained increase the possibility of finding jobs or creating self-employment. An initial evaluation of the technical aspect of projects and courses given is undertaken, but this does not include the impact on the aspect of job creation. It was the opinion of several interviewees that such an exercise should effectively be undertaken in order to have a more holistic assessment of the value of the projects.

Table 5 – Indicators of Attractiveness and Sustainability and Expected Effects of Policy

	<b>Main Heading</b>	<b>Indicators</b>	<b>Neutral</b>	<b>Better</b>
1	Accessibility	1. Transport infrastructure 2. Frequency of services 3. Cost of travel	0 0	2
2	Public Interest Services (Energy)	4. Energy infrastructure 5. Quality and cost of services 6. Energy efficiency (production and	0 0 0	

		consumption)		
		7. Renewable energy	0	
3	Competitiveness	8. Performance of structures to support entrepreneurship, innovation etc.		3
		9. Competitiveness		1
4	Environment	10. Natura 2000 zones	0	
		11. Waste water treatment	0	3
		12. Recycled waste material	0	
		13. CO <sub>2</sub> Production		
5	Cultural Heritage	14. Cultural sites protected and exploited		3
		15. Employment in cultural activities		3
		16. Creation of cultural amenities/infrastructures		3
6	Safety	17. Criminality change	0	
7	Natural Hazards	18. Forest fire prevention	0	
		19. Floods prevention	0	
		20. Tsunamis damage prevention	0	
8	Labour qualifications	21. Educational attainment level		3
		22. Lifelong learning / new skills		3
9	Information society	23. Broadband Access	0	
		24. Use of Internet		3
		25. E-commerce		2

10	Research and development (R&D)	26. R&D expenditure 27. R&D structure		1 1
11	Social capital	28. Social networks 29. NGO action		3 3
12	Governance	30. Local planning 31. Participation in local planning and decision making 32. Trans-national cooperation 33. Local social problems	0	3 2 2
13	Employment opportunities	34. Youth unemployment 35. Long term unemployment 36. Women in labour force		2 2 2
14	Economic effectiveness	37. GDP & GDP per capita 38. Structure of the economy 39. Employment		1 1 1
15	Social cohesion	40. Population 41. Age structure 42. Labour force 43. Unemployment 44. Income distribution		2 2 2 2 1
16	Environment	45. Pollution 46. Fresh water availability	0	1

All the projects mainly dealt with the valorization of human resources, the management of natural resources and culture, and touristic markets. As discussed in the methodology section, it is almost impossible to ascertain a direct causal link between action and effect; however, taking the attractiveness and sustainability indicators, identified in the earlier phase of this study and listed in Table 5, one can indicate what the expected effects of a policy are likely to be on the economic, political, social and environmental perspectives of the island. The expected effects, whether these are neutral, or an improvement, are provided for in Table 5. The analysis is undertaken collectively for the five projects shown in Table 3 and the four projects in Table 4. A Likert scale system was used ranging from very bad (-3) to very good (3), with 0 being a neutral effect. Interviewees were asked to rank the effect of projects on these indicators. Since no negative effect from such policies was indicated this column was eliminated from the table.

### **Analysis**

Since the projects were aimed to increase the value of human and natural resources, the policy is expected at best to improve, at worst to have a neutral effect on the indicators. The type of participants following the courses hail from various public and private entities, whose role may or may not impact on the island, depending on the power to make changes or to effectively do something to make a difference. The interviews showed that in most cases, local entities have utilized the knowledge gained in the programmes to form new models of management for both natural and human resources and have actually implemented changes in the various sectors. The se figures were confirmed following the feedback provided during the interviews, where local knowledge is rich, since within small communities, locals are more familiar with the impacts certain policies are likely to have and actually have had on their society.

### **Accessibility**

An improvement is expected in this case. This is based on the fact that the participants (for example in the first and fourth course) worked to improve accessibility to their island. It also transpired that some courses were expected to be organized on port management. The Aeolian islands have 21 ports, but not one commercial port. It was pointed out that this will need to be remedied in the future. Due to the UNESCO's designation as a World Heritage Site, the possibility of an airstrip is nil, thus the efficiency of the ports needs to be improved. The frequency of the trips or the price structures have not changed, because the service provider is a private company and will not be affected by EU programmes.

### **Public Interest Services**

The attention given to natural resources could encourage innovation in the renewable resources and energy sectors. For the moment there was no impact. On all islands (except Lipari where one private company operates in the production of local energy needs) the Italian national energy company ENEL operates. On Vulcano a photovoltaic project was launched, but the energy produced is only used to light up the cemetery. On Lipari itself, there appears to be hesitation on the use of solar panels. One comment forthcoming was that these could be quite an eyesore for the environment.

## Competitiveness

More employment possibilities, the course aimed at women entrepreneurs and an increased focus on niche markets in the tourism sector are expected to increase the competitiveness levels, particularly in the tourist industry. This has also led to the setting up of adequate support infrastructure for new entrepreneurs and new markets. It was considered to be too early to analyse the actual impact of the policy on competitive market forces.

## Environment

The attention of the organizers of the courses towards the natural resources and culture of the island, indicate that the expectations are that the environment will be given more attention. The effect is expected to be very positive. The people of Lipari have over the years paid attention to their environment and even instil this in the younger generation. An example is the 'Ecologic Regatta', organized by schoolchildren who collect aluminium drinking cans over the year, form rafts and race in the bay, before handing the cans to the Commune of Lipari for disposal. In the ninth year, funds from the ESF were allocated to organize a twinning programme with other schools of minor islands in order to encourage the same environmental protection in other schoolchildren. The project became a pioneering endeavour to be sustained by all schools in Italy, under the patronage of the Ministries for Environment and Education. All the Aeolian Islands are already Natura 2000 zones, the effect is neutral in this respect. In the case of waste water treatment, there was an improvement in the infrastructure, while no real changes have occurred in the recycling of waste material. There is no change in the CO<sub>2</sub> production since no industrial pollution exists on the island, other than emissions from cars and marine vehicles.

## Cultural Heritage

Great emphasis was placed on cultural assets in the courses provided and this is expected to improve the attention given to the cultural heritage of the island. This is based on the assumption that attention is already strong given the protection assigned to the natural habitat and the safeguarding of endemic flora and fauna. During the interviews, it was emphasized that the effect of the ESF on cultural heritage had been significant, since there is more attention given to the protection of cultural sites. It has also increased the level of employment in this sector and led to the creation of new amenities in certain cultural sites.

## Safety

The effect is likely to have been neutral. Criminality did not see any changes.

## Natural Hazards

It was confirmed during the interviews that the course on insularity did not lead to the setting up of additional teams looking at the prevention of natural hazards, thus the effect was neutral. The day the researcher arrived on the island, there was an earthquake of 4.5 on the Richter scale, and in fact she was unable to interview the local authorities because of the high level of alert on the island. It appeared that all

forces had in fact been mobilized and there was no disruption in the touristic activity of the island, although precautions were taken in sensitive areas where landslides had occurred. Therefore, the effect is neutral, since mobilization in such natural hazards situation appears to be effective at this point.

### **Labour Qualifications**

Any form of training or learning is expected to increase the level of skills and knowledge of the labour force, which does not necessarily translate into official qualifications but which certainly increases the value of the human resource, provided such new skills and knowledge are exploited. The interviews revealed that the educational level of the participants in fact improved, provided new skills to them and inculcated the idea of lifelong learning. The effect was considered to be very positive, not solely in the immediate future but also in the long run.

### **Information Society**

Insularity is expected to invoke more requests for virtual accessibility to the mainland through higher internet usage. The interviews showed that the effect of broadband access would be neutral since Wi-Fi was already available all over the island. Courses on IT have been a significant feature on the island and this has led to an increased use of the internet. It has also impacted on the use of e-commerce which has also increased in recent times. These increases are in fact similar to the consequences of IT activity in other small islands.

### **Research and Development**

The aspect of R&D on islands is not likely to be huge unless new methods are found and islands are used as greenfield sites for testing certain innovations, for example in terms of alternative energy, protection of the natural habitat or back-to-nature policies. The interviewees indicated that, although R&D is not occurring in the industrial setting since such activity is not practised on the island, research nonetheless is continuously being conducted on the needs of the island by local authorities and entities. This is directly linked to the ESF projects, which sometimes show up lacunae in the information needed on the island and instigate further research.

### **Social Capital**

The attention given to natural resources and culture are expected to increase the participation of local NGOs in the management of such resources. The new skills gained by the participants also increased the possibilities of taking up jobs. It was pointed out during the interviews that social capital was strengthened, since family support was needed for some people to take up these jobs. The family networks are already strong, as is common in small communities; but the need to organize the care of young children, shopping or housework, has strengthened family ties and thus solidified social capital. This is particularly important since childcare centres are non-existent on the island.



## **Governance**

Attendees for the courses included local administrators and this is expected to improve the quality of governance on the island. In fact, new demands were made on local planning authorities. The interviewees said that there was also an impact on the participation in local decision-making. The interviewees suggested that newly skilled participants would provide them with the possibility of increased voice. The effect on trans-national cooperation was neutral and it was pointed out that the authorities on Lipari do not have ample jurisdiction on the role of ESF and the needs of the island, since many programmes were actually decided by Sicilian authorities. The islands are more likely to be in a better position to evaluate their own needs and should have more say in how funds are spent on each specific island.

## **Employment Opportunities**

Two courses were specifically earmarked for youth and women unemployment. The interviews also showed that other courses had been organized for specific groups such as maritime and port workers. The results are expected to be positive for employment opportunities in general, but impacts are likely to be stronger for youths, long-term unemployed and women, the actual focus groups of most courses. The interviewees also suggested that local social problems could also see amelioration because employment opportunities reduce unemployment and thus hardship on families. Furthermore, this would also impact problems associated with life on the street.

## **Economic Effectiveness**

The economy of Lipari is very much focused on tourism. Some courses under ESF also emphasized this aspect, but attention was directed towards niche markets and more cultural activities. This does not necessarily affect the structure of the economy but could lead to more employment and an increase in net household income. According to the Ministry of the Economy Report for 2007, the Sicilian region, including Lipari, has a higher level of agricultural activity (6.7%) compared to the national average of 3.5%. The interviewees indicated that changes in the structure of the economy were minimal.

## **Social Cohesion**

Two courses focused specifically on the unemployed; youths and women. Four women benefited from the fifth course. The expectation is that this would positively affect the labour force and income dimensions. Interviewees suggested that the courses had affected the population. In fact, more people return to the island in summer to take up some of the new job opportunities created. This in turn affects the age structure of the island, increasing the younger element in the community. These changes bring about changes in the make-up of the labour force and unemployment. The effect on income distribution is not significant since jobs created tend to be at the lower end of the value chain, mostly seasonal and precarious tourism jobs with low wages (restaurants, hotels, cleaning of rented rooms or flats, sales of tourist-related services such as excursions and trips).

## **Environment**

Since the focus of some of the courses was on the valorization of natural resources, the expectation is that more attention is given to the environment in order to encourage more responsible tourism. The interviewees did not believe that the funding could affect the level of pollution, which to them was not considered to be very high, because there was no significant industrial activity. Some effect had been evident in the local desalination plant infrastructure and thus positively influenced the availability of fresh water.

The comments above can merely be seen as indicative on the expectations arising from the ESF courses offered on the island from 2006 to 2008, based on the funding possibilities available under the 2000-2006 programme. As stated above, the outcomes and their positive effects depend on the follow-up process engaged in by the participants.

Only one course has been identified for Lipari under the 2007-2013 programme. This project is in accordance with the aims as set out on the official Sicilian

website of which Lipari forms part, where the ESF is aimed to

...support citizens and businesses in building its future by funding education and training activities to promote access to employment, and at the same time, offer businesses's (sic) opportunity to avail of human resources in line with modern production scenarios....All this also through specific actions aimed at promoting social inclusion of disadvantaged persons and ensure equal opportunities.

<http://www.sicilia-fse.it/>

Similar to the evaluation presented for the ESF funding under the previous budgetary period, this course is also expected to bring positive results in terms of economic, social and environmental dimensions, working always under the assumption that participants make use of their new skills and knowledge and have fuller appreciation of the contribution they can make to the improvement of the island. The negative element which could result from such courses is to encourage the migration of local people, and especially the younger generation, to seek alternative job opportunities on the mainland or in other European member states.

## **Conclusion**

The analysis above has given some indications of the possible impact of regional policy on one particular island. The effect is expected to be positive since the policy increases the potential of the resources on the island, both natural and human. The only possible negative effect on the island would be if the newly acquired skills encourage the participants, especially the younger generation, to seek jobs on the mainland.

Taking into consideration the expected effects on intermediate goals and final objectives, the conclusion which can be drawn is that ESF courses can truly have a positive and effective impact on jobs, skills and institutions of the island. Whether these in turn lead to increased competitiveness and convergence is much more problematic to ascertain. However, what also transpired during the interviews was the idea that such courses need to be organized by the island authorities themselves as they are in a far better position to assess the needs of the local economy. Courses organized by other regional authorities may not always be as relevant or practical as those organized by the local institutions. In this

manner the principle of subsidiarity is the way forward, even in the form and manner such funding is finally utilized. Overall, the positive impact of the policy reveals the need for this type of funding to continue to build and transform the resources of the small island economy.

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