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Working Party on Territorial Policy in Rural Areas

**PLACE-BASED POLICIES FOR RURAL DEVELOPMENT
PROVINCES OF AREZZO AND GROSSETO, TUSCANY, ITALY (CASE STUDY)**

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Introduction

1. The work that the OECD Rural Working Party has carried out in the last years has converged towards acceptance that sectoral approaches to rural areas have not given the expected results and that there is a need for more effective, *place-based* policies which can better capture the diverse challenges and potential of rural areas. Developments in a fast changing international scenario continue to throw into stark relief the necessity to re-think rural development policies. Globalisation, changes in the public financing of the agriculture sector and the emergence of important non-farm niche markets put rural regions in direct competition confronting them with threats and opportunities that require new policy instruments and skills at the national and sub-national level. Changes do not affect only markets and economic actors but question the role of institutions, private actors and the civil society in rural development. Moreover, processes of administrative, political and fiscal decentralisation put more emphasis on the capacity of local actors and renewed horizontal and vertical relations.

2. In this context, policy makers increasingly recognise that traditional rural development policies need to be upgraded and, in many cases, phased out and substituted with more appropriate instruments capable to deal with externalities, to valorise local amenities and, in a context of asymmetric information, to make good use of the knowledge shared by different actors. To adapt to such a scenario several countries have begun to design new policies and to introduce innovative forms of vertical and/or horizontal co-ordination.

3. A particularly interesting and innovative experience is represented by Tuscany where an exceptionally wide range of instruments have been introduced in recent year as part of an overall effort towards integrated rural development policy and participatory governance.

4. This paper is divided into four sections. **Section 1** introduces the Tuscan model of rural development within the EU context. **Session 2** provides an overview of economic and policy trends affecting rural areas in Tuscany and on the main policy instruments adopted by the Region. **Session 3** brings the discussion to the Provincial level by firstly illustrating the principal characteristics of Arezzo and Grosseto and then discussing some innovative governance instruments and rural development policies that are being implemented in these Provinces. **Section 4** sets out the most defining characters of the Tuscan model of rural development and discusses some critical issues related to this highly advanced and 'mature' development model.

PART I: THE TUSCAN MODEL OF RURAL POLICY IN THE EUROPEAN CONTEXT

1.1. The EU policy for rural development

5. After WWII, in all industrialised societies sectoral agricultural support was ensured by governments in order to guarantee the income of the primary sector, cheap food supply for the cities and to slow down the increasing flows of resources and human capital from the countryside to the urban centres. The European Union has traditionally followed such an approach focusing, through its Common Agriculture Policy (CAP), on price support for basic highly standardised commodities (such as cereals, meat, milk etc.), to the detriment of quality and typical production.

6. However, starting from the 1980s serious limits to this approach have emerged, manifesting in a range of environmental, economic, and social problems. In particular concerns have been raised as to the effectiveness of the CAP to make EU farming competitive. In the 1980s – starting with the seminal document “The Future of Rural Society” (1988) and the experimentation of the “Mediterranean Integrated Programme” (Reg. 2088/85) – the E.U. tried to introduce a more integrated and territorial approach to policy dealing with rural areas. This new direction was confirmed in 1991, when the LEADER Community Initiative was created with the aim of providing support to bottom-up policies in depressed rural regions. The “Mac Sharry reform” and the Cork Conference of 1996 confirmed this new orientation, questioning the traditional protection and support policies, while with Agenda 2000 a reorganisation of the approach took place, creating the “second pillar” of the CAP and earmarking also a small part of the “Guarantee” section of the European fund for agriculture (EAGGF) to support economic diversification of rural areas and to encourage a less intensive use of land. In 2001, the Fischler reform introduced the modulation system to shift some resources from the first to the second pillar of the CAP and the contributions were “decoupled” from the quantity produced. Finally, at the Salzburg Conference of 2003, it was agreed that an integrated bottom-up approach to rural development will have to be facilitated and supported by a single fund, programming and control system.¹

7. Regulation 1257/99, on support for rural development, and Regulation 1260/99, reforming the Structural Funds, constitute the pillars of the process of reform that has taken into the European development programmes key principles like those of integrated development, additionally, local participation and partnerships. In particular, Regulation 1257/99, as far as non-objective 1 regions are concerned, introduced a single programming instrument in rural development policy, the Rural Development Plan (RuDP), and converged the financial support into the EAGGF - guarantee section. The Plan contains the analysis, goals, priorities, strategies, and specific actions and measures in order to set up a comprehensive rural development policy. According to the Regulation, it is up to the States to decide at which scale (national or regional) such programmes should be implemented. Moreover, the Regulation 445/2002 specifies the list of 22 measures that Member States or regions can use for their specific programmes. Such measures can be grouped in the following main areas of intervention:

1. modernisation of production and processing structures - investment in physical capital, improvement of processing, marketing, training, incentives for young farmers, early retirement, and land consolidation;
2. diversification and improvement of infrastructures and services for local population;

3. protection and improvement of the environment.

8. However, it has to be stressed that the CAP funds,² although formally committed in the sustainable use of environmental resources, are still heavily biased towards mere income support of farmers. Even in the second pillar, measures for economic diversification and for the improvement of infrastructures and services for the local rural populations have a limited amount of resources.³ The EU sectoral agricultural policy - the first pillar - is still linked to a top-down often inefficient approach that still envisions the upper tiers of government as the main policy-makers based on a view according to which the 'rural' coincides with agriculture.

Box 1. The EU Programming Principles

Under the decisive inputs coming from the European Commission since Delors' White Book of 1993, the rigid planning philosophy has progressively left more room to the programming process that has developed around the following guiding principles:

- centrality of the local and its endogenous resources;
- public-private partnership;
- vertical and horizontal subsidiary;
- locally-determined diagnosis, strategy and actions and its consistency with the top-down general strategies;
- top-down attribution of parts of the funds and determination of standardised guidelines and methodologies to be followed during the process;
- cost-effectiveness, efficiency, transparency;
- concentration of financial resources on specific programmes and projects so as to reach critical mass and elicit multiplier effects;
- co-responsibility and co-funding of all actors involved;
- thorough knowledge of local and wider context for a complete SWOT analysis and ex-ante evaluation;
- clear definitions of objectives, actions, actors involved, resources, and timing;
- coherence with other programmes applied to the same context;
- effective monitoring, auditing and appraisal of the programme in the short- and long-term;
- long-term viability of the programme and its effects;

possible replicability in other contexts;

In the EU programmes, all the above-mentioned aspects have to be coherent with the overriding principles of sustainability and equal opportunity. This represents a complete change of direction in the development policies from a corporativistic approach to a contractualistic and concertative one.

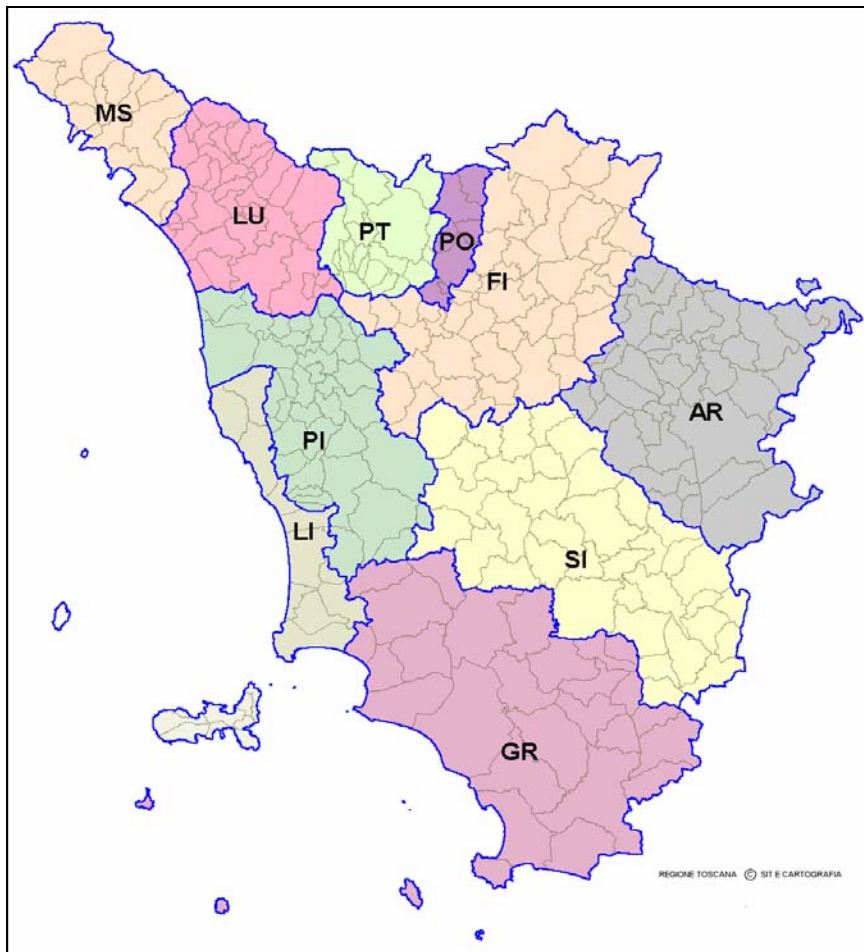
PART II: THE REGIONAL CONTEXT

2.1. Rural Tuscany in numbers

9. Tuscany is situated in Central Italy and has a population of three and half million people and a geographical extension of about 23 thousand km², with a density of about 155 inhabitants per km². Morphologically, 8.4 % of the surface is plane (mainly along the Arno Valley and the coast), 66.5 % is hilly, and 25.1 % is mountainous (mainly in the Appennine).

Figure 1. Tuscany divided by provincial and municipal boundaries

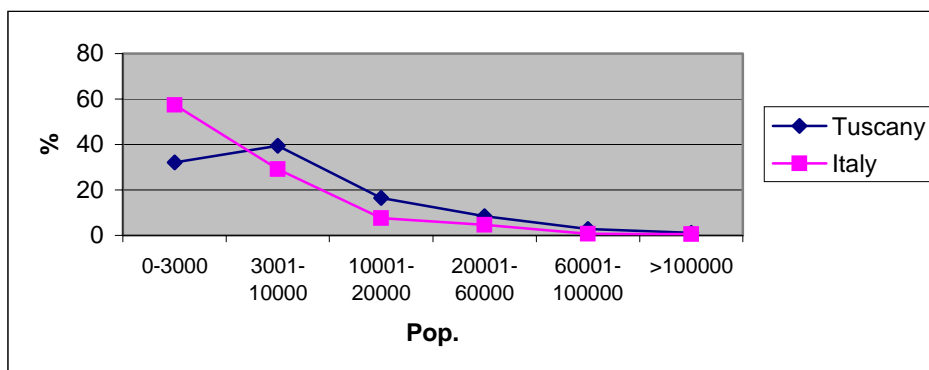
AR = Arezzo, GR = Grosseto



Source: Tuscany Region.

10. The industrialisation process was diffused in most of the region. The so-called “light industrialisation” spread in urban areas as well as in the countryside shaping the so-called urbanised countryside. The distinction between cities and countryside is difficult in Tuscany due to the homogeneous diffusion of inhabited settlements – only 23 towns have more than 20 thousand inhabitants. A comparison of the regional distribution of the town sizes with the Italian average provides an idea of the typical Tuscany’s settlements’ pattern (see Table 1).

Table 1. Distribution of urban areas by size over the total population.

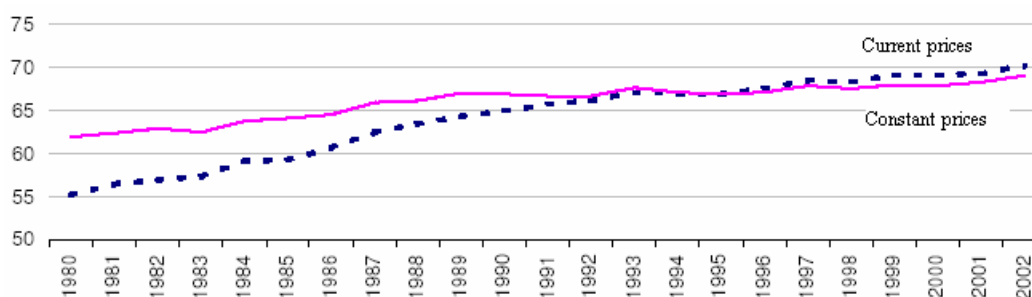


Source: Tuscany Region.

11. *The region is situated in the medium-high rank of wealth among the Italian regions.* Its economy is historically based on SMEs and clusters in the manufacturing sector with low capital intensity, “flexible specialisation” and high quality products. Over the last two decades, however, the tertiary sector has prevailed in the composition of the regional GDP. More recently, the once key textile and handcraft sectors have seen their relative role in the regional economy decreasing in parallel with an accrued importance of services and mechanic production (see Figure 2).

Figure 2. Value added of tertiary sector in percentage

(1995 constant prices)



Source: IRPET 2004.

12. In Tuscany’s industrial districts, SMEs do not have a particularly high delta of value added per unit of labour, but have higher per-capita value added, due to higher shares of the working population. Moreover, profits produced by SMEs are strongly localised and mostly reinvested in the same area, thereby playing an important role in regional development. However, the macroeconomic situation, in particular the unfavourable exchange rate, together with high ageing rates and low productivity, seems to have affected the production system over the last few years. Several analysis have pointed out to the difficult

challenges that Tuscany's industrial districts and clusters of craft-based activities will face to remain competitive in the next years.

13. *Tourism is a key component of the regional economy with about 800 thousand arrivals and more than 30 million presence (half of which are foreigners) every year.*

Table 2. Comparison of regional demographic indicators

	Life expectancy		Birth rate	Mortality rate	Migratory balance	Total demographic growth	Age composition			Average age
	Male	Female					0-14	15-64	>64	
Lombardia	76.3	83.1	9.4	9.1	6.8	6.8	13.2	68.7	18.0	41.8
Emilia Romagna	77.2	83.4	8.6	11.0	7.8	7.8	11.6	66.0	22.3	44.3
Tuscany	77.3	83.3	8.2	11.4	3.7	3.7	11.7	66.0	22.2	44.3
Italy	76.7	82.9	9.4	9.4	2.9	2.9	14.3	67.2	18.5	41.3

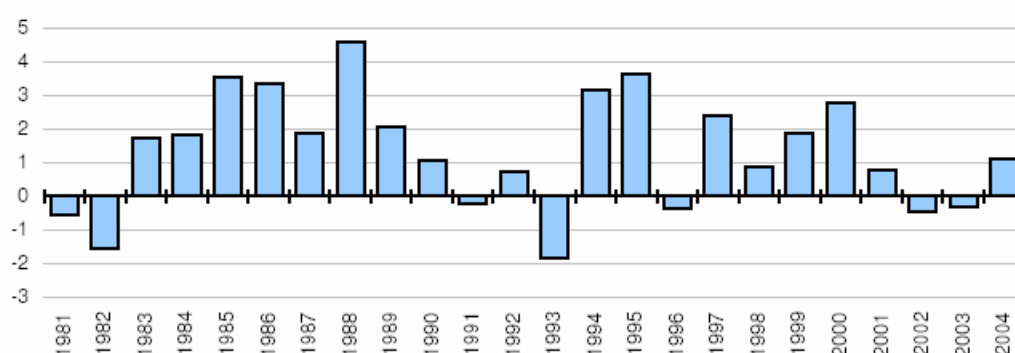
Source: Docup, 2004.

Table 3. General regional indicators.

Indicator	Value	Year
Per-capita GDP ()	24 338	2002
Regional GDP (in % of national GDP)	7%	2002
Agricultural share of regional GDP (%)	2%	2002
Per-capita income ()		
Urban population	22 962	2002
Rural population	20 976	2002
Agricultural population	28 171	2002
Average	22 517	2002
Population density (inhabitants/km ²)	155	2002
Migration balance (flows, thousand of people)	24	2001
Rural areas	8	2001
Population (thousand of inhabitants)		
Urban	2 767	2002
Rural	798	2002
Total	56	2002
Farmers Total	7	2002
Part-time farms		
Total	3 565	2002
Active population (thousand of people)		
Urban	2 408	2002
Rural	698	2002
Total	56	2002
Farmers	3 106	2002
Total		
Urban	5%	2002
Rural	5%	2002
Total	5%	2002
Employment rate (females, % of active population)	51%	2003
Employment rate (males, % of active population)	74%	2003
Employment rate (youth < 25, % of active population)	32%	2003

Source: Region of Tuscany, 2003.

Figure 3. GDP growth in Tuscany at current prices



Source: IRPET 2004.

Table 4. Comparison of regional labour productivity and GDP.

	Employment rate ^o	Value added/Unit of labour*	Per-capita GDP*	% of EU-15 per-capita GDP
Lombardia	63.8	55,718	27,749	135.4
Emilia Romagna	68.3	48,881	27,625	130.6
Tuscany	62.3	49,694	24,203	112.6
Italy	56.0	48,783	21,679	102.6

Source: IRPET, 2004; ISTAT, 2004; *DPEF, 2004.

Table 5. Comparison of some social indicators (2003).

	Unemployment*	Criminality rate of minors*	Criminal acts %	ONGs per 100,000 inhab.
Lombardia	3.6	2.7	3.9	25.2
Emilia Romagna	3.1	2.7	4.5	46.0
Tuscany	4.7	1.4	3.6	54.6
Italy	8.7	2.5	3.8	-

Source: Docup, 2004, *ISTAT, 2004.

Table 6. Comparison by classes of education (% of population - 2002).

	Primary	Upper primary	Secondary	University	% with technical degree out of graduates
Lombardia	38.0	29.2	26.6	6.2	31.8
Emilia Romagna	42.1	26.1	25.5	6.4	33.2
Tuscany	43.2	27.1	24.2	5.5	31.6
Italy	41.3	28.7	24.2	5.8	30.0

Source: Docup, 2004.

Table 7. Poor households, incidence and intensity of poverty by region of residence (2002).

Regions	No. Families	No. poor families	Poverty ratio	Poverty gap
Lombardia	3 759 864	138 788	3.7	18.1
Emilia-Romagna	1 677 335	76 110	4.5	20.5
Tuscany	1 424 978	83 302	5.9	18.4
Italy	22 270 165	2 455 702	11.0	21.4

Notes: The poverty ratio is the ratio of poor households / people to total number of households / people (per 100). The poverty gap is the average difference between the consumption expenditure of poor households / people and the national consumption expenditure (poverty line) expressed as a percentage.

Source: ISTAT, 2004.

Table 8. Comparison of some environmental indicators (2002).

	Per-capita urban waste (kg)*	Hazardous waste (% of special waste)	*Sorted waste collection	Polluted sites	Potential organic load (inhab. equivalent)	Surface of protected areas (%)	Forest surface (km ²)	EMAS and ISO 14000
Lombardia	503	11.5	36.4	2.544	55.958.623	5.5	4 935	277
Emilia Romagna	654	6.0	26.3	3.182	29.312.109	3.7	4 047	106
Tuscany	669	3.8	25.9	557	14.194.573	6.7	8 916	45
Italy	520	7.8	19.1	10.553	272.567.158	9.1	68 552	1 105

Source: Docup, 2004; *APAT, 2003.

Table 9. Comparison of some internet indicators.

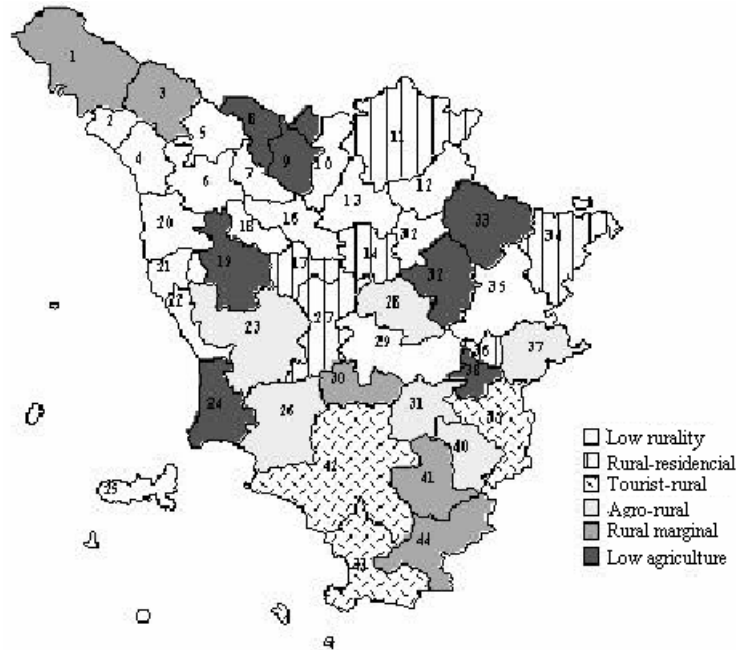
	% of municipalities with website	Internet access (% of families)*
Lombardia	23.9	35.2
Emilia Romagna	43.7	32.9
Tuscany	54.0	32.0
Italy	27.0	30.8

Source: Docup, 2004; *ISTAT, 2004.

14. *Internal economic disparities are stronger in Tuscany than in other Central and Northern Italian regions, although lower than in the rest of Italy. Such disparities are evident in the rural areas, where two symmetric situations can be observed: 1) a 'urbanised countryside' under the strong influence of nearby urban centres and 2) 'marginal' rural areas in the most remote parts of the region (see Figure 4).*

Figure 4. The different rural 'Tuscany'

Rural areas in the Local Economic Systems



15. In terms of land use, the utilised agricultural surface (UAS) is about 41 %, lower than the Italian average – about 44 % - probably due to the high incidence of the forests, as high as 39 % of the regional surface, and to the geomorphology of the region. The UAS follows a similar path to the geomorphology of the region, in fact 68 % of the UAS is located in hilly areas and 12 % in the mountains. 23 000 people work in the food industry (based on wine, vegetable oil, dairy, and meat production) and 54 000 work in agriculture, which is mainly based on the production of grape, meat, cereal and vegetables. The turnover of the two sectors is similar: 1 222 million for the food industry, and 1 462 million for agriculture. The agricultural value added has been decreasing since mid-1990s, unlike the food sector. The average productivity per worker is about 23 000, a bit higher than the national value (about 22 000). The production is highly fragmented and concentrated at the same time: the average farm size is a bit more than 6 ha, 80 % of farms have less than 5 ha and a total UAS of 14.7 %, while 12 % of the total farms have 80 % of the total UAS and produce 85% of the gross income. Many people work in agriculture for self-consumption or following a strategy of economic diversification with a low level of specialisation. The agro-industry export has been increasing since the 1990s reaching 1.7 % of the regional GDP in 2000, mainly due to quality production. The value added chain is vertically fragmented with very few large downstream firms and this does not allow many small farms to retain higher profits. Probably, joint investment, for instance in the form of co-operative systems, particularly in the transformation and distribution phases may help correct the problem. The sector is strongly affected by the ageing process: most of the farmers are more than 60 years old.

16. The environmental impact of Tuscany's agriculture seems limited, rather this has an important territorial stewardship role. The region has a higher than average incidence of organic production and denomination-of-origin produce – about 15 % of farms of the region (the same percentage is present in Grosseto and Arezzo). The organic agriculture concerns about 9 % of the total UAS. The regional

authorities seem sensitive to this issue, in fact with the Regional Law 18/2002 on public procurement, it is arranged that typical and organic food be introduced in the canteens of the regional administrations as a strategy of public awareness and promotion.

Fig. 6. Time-series of value added of food (a) and agricultural sector (b).

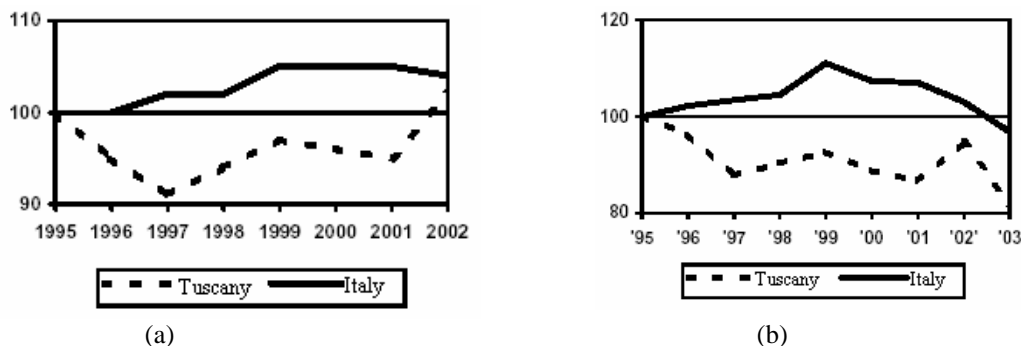
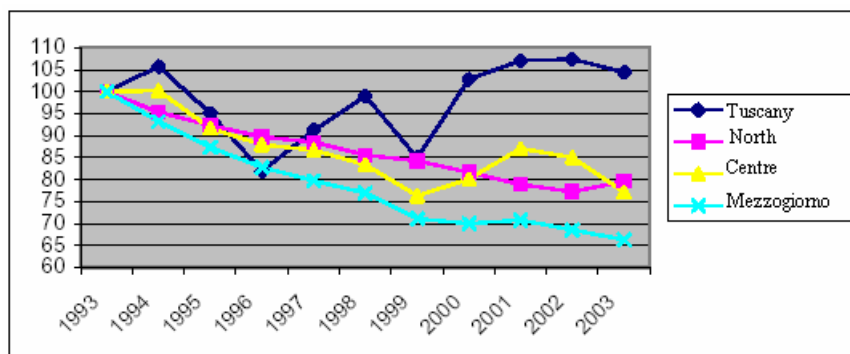


Figure 5. Trend of labour force in agriculture and geographic comparisons.



Source: ISTAT.

17. Tuscany is administratively divided into 287 municipalities, 10 provinces and 20 mountain communities, which are in turn categorised in the following territorial systems:

1. open urban systems – cities that are the strong knots of the interregional network (for example, Florence, Siena, Lucca);
2. regional urban systems – cities which provide the region with services (Pisa, Livorno);
3. open industrial systems – export-oriented industrial districts (Prato, Arezzo, Pistoia);
4. tourist-industrial systems – based on both activities. Industry is less pronounced (Lucca);
5. open tourist systems – areas with strong international presence (Viareggio, Forte dei Marmi, Elba Island);

6. tourist-rural systems – rural areas with diffusion of second houses (Maremma, Siena);
7. marginal systems – mountain areas.

18. Quantitative and qualitative indicators point out to a number of strengths, weaknesses, opportunities and threats for the region that are summarised in the following **SWOT analysis** (see Table 10).

Table 10. SWOT analysis of rural areas in Tuscany

Strength	Weakness
Diffusion of rural areas	Low productivity
Medium-high income	High unemployment
Demographic growth in small and medium towns	Unskilled labour
Rural landscape	Fragmentation of the <i>filiière</i>
Biodiversity and habitats	Concentration of transformation and distribution
Morphologic variety	Delocalisation of agri-food industry
Integration between community and productive activities	Inadequate infrastructures and services in rural areas
Complementarity between urban and rural systems	Seasonal tourism
High incidence of services as stabilising factor vis-a-vis tourism	Tourism concentrated on the coast to detriment of the inner areas
Civicness and social cohesion	Ageing
Relatively low environmental impact of human activities	small farm size
Farms as territorial stewards	Low investment in agriculture
Organic agriculture	Few trademarks
High incidence of forests and protected areas	Low level of services in mountain LESS
Widespread handicrafts	Physical isolation of marginal areas
Widespread farming	
Agri-tourism	
Public opinion sensitive to sustainable development issue	
Opportunities	Threats
Produce of high quality	Depopulation in marginal areas
Growth of services sector, commerce and tourism	Fragility of the environment
Complementarity between different tourist attractions and locations	Structural lightness of the productive system
Important archaeological sites	Weak connections between urban systems
Multifunctionality of farms	Urban sprawling
Multisectoriality of rural areas	High incidence of second houses
Increasing consumers awareness	Erosion of soils
Valuable environmental and cultural heritage	Salinification of water
Typical food and produce	Water depletion
	Decrease of UAS
	Decrease of agricultural and zoo-technical farms
	High impact of tourist concentration

2.2. Regional planning and programming in Tuscany

19. In the 1990s, within the overall process of devolution, the role of Italian regional governments has become more and more crucial in several policy areas including the management of the European Community programmes and the design and implementation of rural development policies. Italian regions have adopted different strategies towards their countryside. *Tuscany is worth examining as an example of a particularly dynamic and innovative planning and programming activity.*

20. As far as land-use planning is concerned, Tuscany introduced with the Regional Law 05/1995 innovative concepts related to a stronger vertical institutional co-operation at the different spatial scales. With the introduction of this law, the municipal development plans did not need the expressed approval of the Region to enter into force, but had only to comply with the general guidelines set forth by the regional and provincial administrative tiers with the PIT (Territorial Guiding Plan) and PTC (Territorial Co-ordination Plan), respectively.⁴ The PIT defines the territorial systems composing the region, areas of particular public relevance, infrastructures, urban and industrial systems; coherently the PTC regulates landscape issues and disciplines the use of water and soil (under the direction of the overall plan set out by the Authority of the river basin territorially interested, called the “Basin Plan”), forests and other environmentally sensitive areas, local infrastructures of interest etc.

21. The law was amended by the new Regional Law 01/2005 which confirms the previous approach stressing the importance of vertical integration, civil participation and coherence among different instruments in the planning process. In Tuscany, the general vision of territorial planning and socio-economic programming identifies is built around the following key points: environment protection, polycentricism of the territorial systems, valorisation of the cultural and natural heritage, the integration of the transport systems, and the overall harmonious integration between rural, urban and industrial systems. As far as participation is concerned, this has progressively been affirming itself as an important methodological approach adopted, in particular, in local planning - i.e. in drafting the provincial territorial co-ordination plans⁵ and the municipal master plans.

22. As for development programming, the Regional Laws 53/1997 and 41/1998 on local development plans – set up at the inter-municipal (Local Economic System) scale - mark a turning point in the regional policy-making. Despite initial inter-institutional communication and co-ordination problems (in particular between regions and provinces)⁶ these laws have introduced innovative methodological elements such as accrued territorial approach, partnership and empowerment of local communities. They are expression of the so-called “new programming” and have set the region on the way to a stronger governance at the inter-municipal level.⁷

Box 2. Local Systems and Optimal Service Areas in Tuscany

In the 1990s, following the country-wide statistical survey, the 287 municipalities and the ten provinces of Tuscany were divided into 50 local labour systems (LLSs) - many of which grouped municipalities from different provinces - that were mainly identified by using the travel-to-work methodology (Sforzi, 1997)⁸. The high number of LLS should indicate the low level of cohesion within the region and, conversely, a deep internal cohesion in these micro-systems. Given the non coincidence of LLSs with the provincial administrative boundaries and the following difficulty in co-ordinating inter-institutional local development policies, in 1997, the Tuscany Region decided to adjust their boundaries taking into account this constraint and renamed LLSs in Local Economic Systems (LESs). In 1999, 42 LESs were identified by using additional parameters such as sectoral composition of the local employment structure and, more seldom, municipal preferences in taking part in a LES rather than another. 33 of them constitute the elementary territorial unit for the regional development policies, therefore containing almost 9 municipalities each, on average. Moreover, the Regional Council Deliberation 69/2000 identified the productive local manufacturing systems of each SEL in order to characterise them according to the main productive activity.

A difficulty pose by local systems is that Mayors and local populations do not seem to place strong attachment to this inter-municipal level (they do however in the case of mountain communities - planning units created in the 1970s for the marginal areas). Moreover, the fact that there is no coincidence between LES and the administrative boundaries may cause problems of inconsistency and gaps in the programming activity. For instance, the Mountain Community Colline Metallifere has five municipalities, three are part of the homonymous LES, one is part of LES Grosseto and another one belongs to LES Val di Cornia and to the Province of Livorno.

Box 2. Local Systems and Optimal Service Areas in Tuscany (continued)

The main drawback in this methodology is that it can work quite well in industrial areas but not necessarily in rural areas where economic diversification and agricultural activities may not reveal the underlying socio-economic relations at work in the space. Rural areas might have a low number of commuters but this does not necessarily mean that there is a low level of socio-economic integration in a given territory. Mobility and integration in such places are ensured by other kinds of interactions such as local market-places, providers of specific services, free-time activities, etc. This problems may affect to a particular extent the province of Grosseto - whose LLSs were ten and LESs are currently five -, given its peculiar economic structure compared to the rest of the region. Moreover, the LESs risk to be perceived as another layer of planning entity, besides the overlapping and often non-coincident planning units, such as the local health systems, the school districts, the waste-management planning areas (ATOs)⁹, and so on. The outcome risks to be a territorial patchwork that increases administrative transaction and allocating costs and inefficiency in the decision-making process. A possible reconsideration of the LESs methodology should consider and conciliate flexibly the socio-economic characteristics, such as low population density, relatively high agricultural incidence, economic diversification, and other aspects, which are peculiar to rural areas in a post-fordist society. (See figure 6.)

Another case of local planning units: the optimal service areas. The optimal service areas are an interesting and successful case of regional and local planning. The Regional Law 41/2001 set up the optimal public service areas. It raised from the statistical consideration that small and remote communities face higher costs of public service supply that often turn into fragmentation and sub-optimal allocation of resources. With this law the Region identified inter-municipal areas in which local administration share the costs and, by doing it, they can provide the population with a wider range of public services. The areas are identified according to a certain degree of homogeneity, such as participation in the same mountain community or LES, population size (usually larger than 10,000 people), degree of service complementarity between the municipalities involved. The services more frequently shared are those referring to statistics and cartography, public information, cadastre, tourism promotion, citizens protection, etc. (See figure 7).

Figure 6. Tuscany divided by optimal service areas.

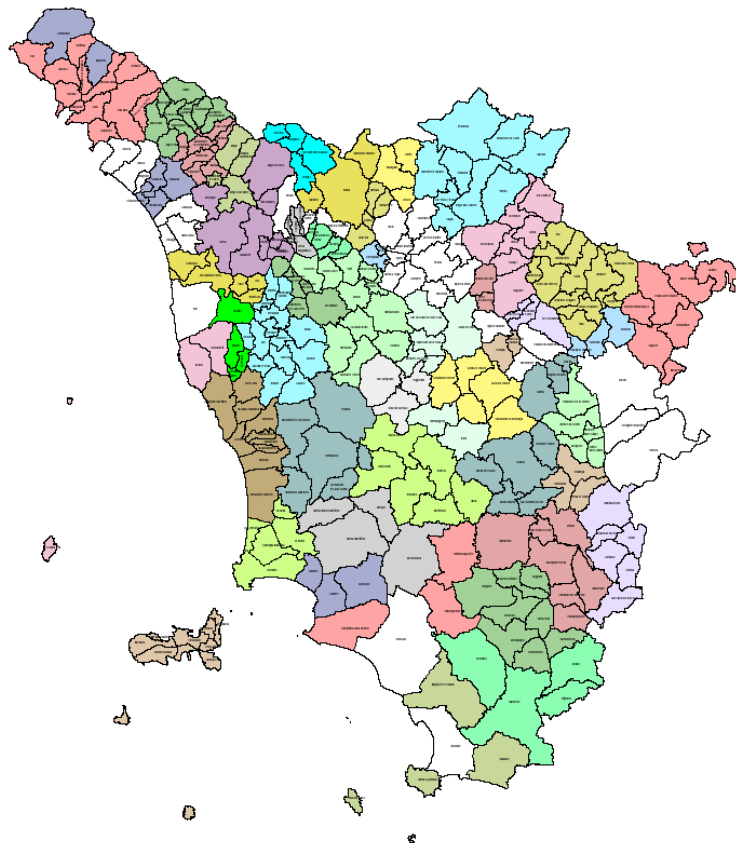
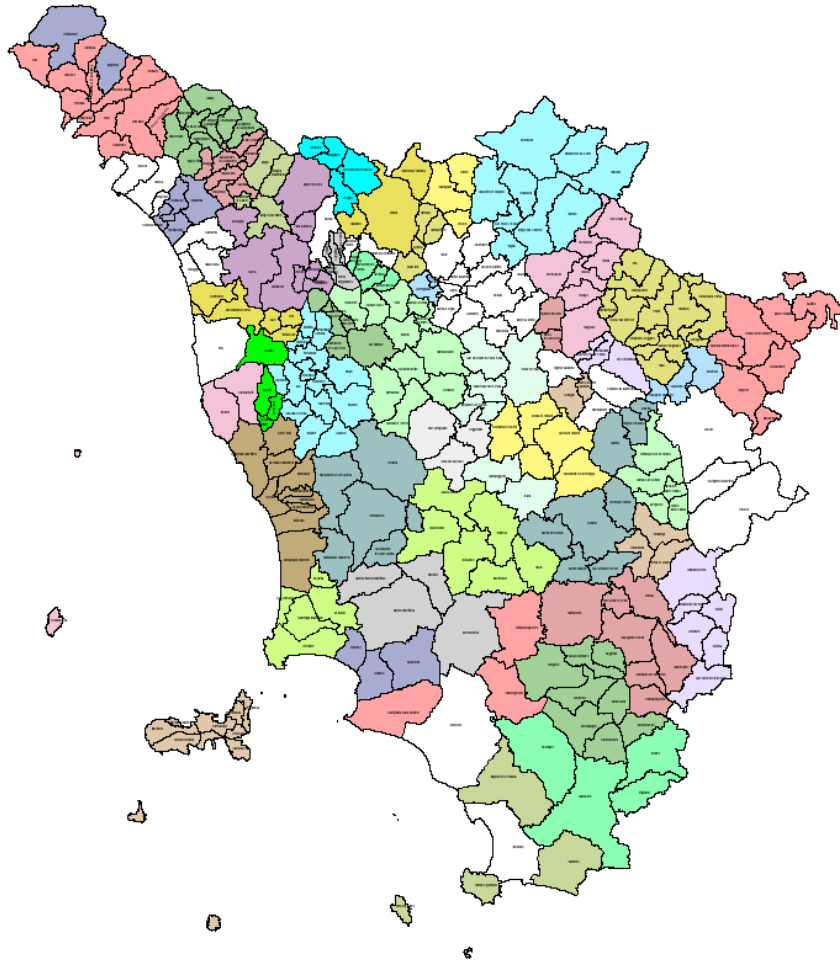


Figure 7. Tuscany divided by LESs, provinces and municipalities.



23. Later on, the Regional Law 49/1999, amended by the R.L. 61/2004, has become the fundamental legal act that, taking inspiration from the EU regional policies, defines the basic principles of the regional programming action on the basis of the following criteria (art. 3):

- sustainability;
- coherence of the specific programmes to the general Regional Development Programme (the PSR);
- subsidiarity;
- cost-effectiveness and efficiency;
- institutional cohesion;
- involvement of socio-economic stakeholders;
- co-responsibility of private and public actors;

- thematic and financial concentration at the appropriate territorial scale;
- integration of sectoral policies.

24. The law disciplines the following regional programming instruments: 1) Regional Development Plan (PRS), which is the main programming instrument, the one setting the vision of regional development; 2) the Economic and Financial Programming Document (DPEF) which plans the regional economic activities for the following year and updates the PRS and its financial allotments according to the new general situation and unexpected events; 3) Regional programmes which define the sectoral strategies contained in the PRS and DPEF which are supposed to have the same time horizon as the PRS – an example is the Rural Development Plan (RuDP).

25. The current PRS (period 2003-2005) is the most important document in the regional development policy and stresses as strategic objectives sustainable development, equal opportunities and network connectivity. These goals are directly drawn from the EU strategy envisaged in the White Book on Competitiveness (1993) and the White Book on Governance (2001), the Lisbon summit of March 2000 and the Goteborg summit of 2001. The plan is based on public - EU, state and regional - as well as private funds. It strongly stresses the importance of civil participation and transparency in the regional and local programming process.

26. According to the PRS, sectoral programmes and rural programming instruments (such as the RuDP, the LEADER local action programmes, the integrated local development plans of the mountain communities), must be coherent with the guidelines and the principles set out by it, but autonomous in their capacity of expressing local needs and self-management. To this aim, the role of the region is increasingly that of technical advisor to the local institutions rather than based on a centralised and hierarchised approach.

27. *The regional strategy is progressively moving from a sectoral towards a territorial approach* - clear in both the PRS and the Single Document for Objective 2 areas (Docup) - in designing development policies in which both land-use planning and socio-economic development are linked at the province scale. This new methodology of institutional co-operation and subsidiarity is accompanied by another new approach that is defined as “varying territorial geometry”, which foresees the possibility of socio-economic programming in homogeneous inter-municipal areas - NUTS 3 level - that do not necessarily coincide with any administrative boundaries. This would give, in the intention of the regional government, more space and opportunity for a bottom-up programming activity in a less bureaucratically institutionalised environment.

28. The law 49/1999 sets the guidelines for another local programming instrument - the Local Development Pact (PASL). Importantly, it also establish a closer co-ordination between land-use planning instruments (PIT) and programming instruments (PRS), at the regional level, although no mention is made as to how the process should be organised and the same co-ordination issue at the provincial level.

29. Continuing our examination of Tuscany’s programming laws and instruments, the Regional Council Deliberations 219/1999 and 69/2000 identify, respectively, the areas characterised as industrial districts (ID) and as local productive manufacturing systems (LPMS) based on indicators of specialisation, density and industrialisation. The difference between the two categories is related to their sectoral specialisation – LPMSs have multi-sectoral productive systems, whereas IDs are mono-sectoral. The geographical extension of the former coincides with the local programming units – Local Economic Systems (SELs). In 2001, the Regional Council approved the funding of 8.7 million in favour of IDs and LPMSs (Action 3 of the Regional Economic Development Plan) through regional and national funds.

30. After long discussions and theoretical debates, with Regional Law 21/2004 - implementing the national law of 2001 - the rural district (RD) and the agro-food district (AFD) officially became new programming instruments, based on the following concepts borrowed from the IDs:

- vertical and horizontal division of the production process but territorially integrated;
- dynamic interrelation between contextual and codified knowledge and orientation to innovation;
- strong local identity;
- connectivity with external systems;
- flexible specialisation;
- social mobility.

31. The concepts rise from the consideration that farms (named “territorial enterprises”) are a particular type of enterprise with stronger embeddedness in the territory and remarkable potentiality of material and immaterial positive externalities. The RD concept is broader than the AFD because it stresses the economic as well as the social, cultural and landscape unity of the territorial system¹⁰. The RD is an agreement between public and private stake-holders involved in the local productive system in order to reach a stronger bargaining power, smooth institutional relations and promote innovation in economic activities such as agriculture, rural tourism, handcraft, small industry, etc. In the regional view, the RD is not a new administrative body, but rather a co-ordinating body able to attract and co-ordinate new investment.

32. Another important step in the building of the current framework for regional planning in Tuscany is represented by the Regional Law 42/2000 which establishes that tourism has to be strategically promoted at the local scale through the agencies for tourist promotion set in the tourist local systems in co-ordination with the provinces. A wide range of other sectoral planning instruments developed in the Region include:

- Environmental Action Plan;
- Plan for waste management and its implementation in the Optimal Territorial Areas;
- Regional Energy Plan;
- Regional Plan of Transportation;
- Health Regional Plan;
- Plan on Labour;
- Regional Plan for Safety;
- Integrated Programmes for: citizens, labour competitiveness, sustainability, and e-government.

2.3. The Negotiated Planning instruments

33. The above-mentioned planning instruments are only some of the tools at disposal in the region framework. Besides them there are other important tools that come from the so-called “negotiated

planning". This relatively recent (second half of the 90's) policy stream at the national level introduces a series of voluntary contracts in which various stakeholders (partnering on non-hierarchical basis) adopt a common strategy to tackle clearly identified issues at different scales, from the inter-municipal to the regional level. The region often has the pivotal role in such arrangements.

34. The instruments of the negotiated planning are the following:

- Programme Institutional Agreement: commitment between state and region to undertake a set of complex and interdependent actions such as programmes in infrastructural investment, health system, valorisation/protection of the natural environment, development of the productive system, culture, and so on. It has a central role in the regional programming and in the relationships with the national government;
- Framework Programme Agreement: it is agreed upon by the national, regional and local actors involved and it represents the operating stage of the programme institutional agreement;
- Territorial Pact: agreement promoted by local public and private institutions in the same field as the framework programme agreement. In the past Italian experience, it has often been exposed to strong criticisms. In Tuscany's experience, however, it is acknowledged as the most used and successful instrument of the negotiated programming;
- Programme Contract: it is stipulated by state or region and groups of industrial enterprises or large corporations to jointly undertake investment or other activities;
- Area Contract: negotiated agreement between the local public administration, entrepreneurs and unions in order to set up a development programme in a declining or depressed area.

35. In 2004, the Region signed the "New Pact for a qualified development, more and better jobs" together with the representatives of local authorities and of the main regional corporate organisations. The Pact updated the old one signed in 1996 in order to be coherent with the Lisbon Pact and, therefore, with the PSR 2003-2005. Its main objectives are: innovation in the public and entrepreneurial spheres, improvement in human capital, connectivity with external markets, infrastructures, tourism, equal opportunities, sustainable development, public welfare, and rural areas. In the Pact it is stressed that it will follow the typical approach of the co-operative governance – in accordance with the Pact for Local Development (PASL) model - with provinces and corporate associations in the allocation and management of the funds. So far, 68 projects for a total planned expenditure of 328 million have been approved by the Region and the local institutions have been defining them in details at their scale. So far, most of the funds have been earmarked in support of the private sector and only 100 000 for rural areas. The Pact is planned to start being implemented by 2005. We recommend a strict co-ordination with the Docup actions.

2.4. The EU programmes applied to the rural areas in Tuscany

36. Within the current Tuscany strategy for regional development the instruments that are more relevant in terms of financial resources are the following:

- Docup for objective 2 areas - period 2000-2006;
- Rural Development Plan (RuDP) - period 2000-2006;
- Regional Operating Programme (ROP) for objective 3 areas - development of human capital - period 2000-2006.¹¹

37. The first two have a direct impact on rural development in the region and are thus analysed in this section together with the Local Plans for Rural Development and the EU LEADER Plus initiative for rural areas.

2.4.1. The Docup objective 2, 2000-2006

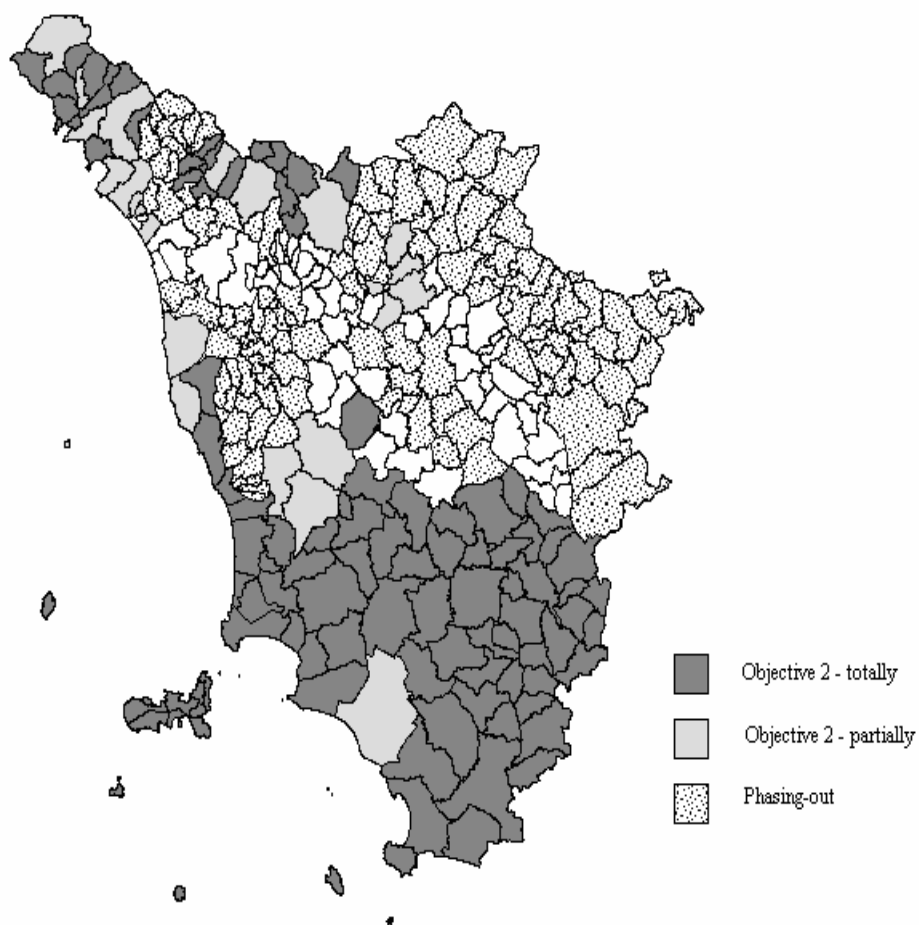
38. Objective 2 areas – economies in decline facing structural difficulties – are funded by the European Fund for Regional Development (EFRD) through the Docup and the Programming Complement drafted by the region. The Docup sets up a complete SWOT analysis, defines a strategy and establishes goals and actions as well as assessment and monitoring procedures. Once the Docup is approved by the European Commission, the Programming Complement will give the detailed implementing measures of the Docup. Projects financed by the fund concern infrastructures, tourism, SMEs, the environment, human capital; therefore, a large part of multi-sectoral rural development projects ends up being indirectly included in the intervention of other Structural Funds instead of being part of one comprehensive development programme for rural areas.

39. The previous Docup referred to the programming period 1994-1999 and concerned Objective 2 and 5b areas – diversification in rural areas -, according to the previous categorisation of the Structural Funds. In Tuscany, its implementation is considered a success. The overall financial commitment was superior to the programmed expenditure and the projects financed were 3 705 in Objective 2 areas – 287 of which concerned infrastructures – and 1 059 in 5b, with an estimated direct impact on employment of about 10 thousand new jobs.

40. The current Tuscany's Docup refers to the period 2000-2006 and identifies as strategic sectors of intervention tourism, development of small enterprises, enhancement of services and infrastructures, rural development, fight to social exclusion, with an estimated effect on job creation of about 15 thousand units. The programmed expenditure is of 1 232 billion, of which 939.6 million (76.3 % of the total budget) earmarked in objective 2 areas, and 292.3 million (33.7 %) in phasing-out areas. The contributions originate from EFRD (27.3 %), central government (47.7 %), regional government (23.8 %), and other capitals (1.2 %). The estimated private investment that should be activated with the Docup amounts to 2 592 million, 93.5 % of which would be directed to the first axis – support to the private sector. If the estimates are correct, in the end more than two thirds of the total expenditure - 3 824 billion - will be generated by private capital. This would be a remarkable achievement.

41. The Docup concerns 52.4 % of the regional population – 23.6 % placed in objective 2 areas (but 74.9 % of financial resources) and 28.8 in phasing-out areas (25.1 % of funds) – and 43 % of the surface. If we add the ROP objective 3 funds earmarked to objective 2 areas – equal to 162.4 million (24.5 % of the ROP funds) – in these areas there is a total public financial availability of 1 085.6 million.

Figure 8. Objective 2 and phasing-out areas in the Docup 2000-2006.



Source: DOCUP 2000.

42. The three main priorities or axes and related measures and budgets chosen by Tuscany within the Docup are shown in the following table.

Table 11. Docup: public investment allocated and expenditures

(date: 31/12/2003, thousand of euros).

	Programmed expenditure	% on total expenditure	Spent	%
Axis 1 – SME Development	491,441.3	39.9	83,661.1	17.0
Measure 1.1 – Support to investment of industrial enterprises	180,353.7	14.6	27,547.0	15.3
Meas. 1.2 – Support to small handcraft and co-operative enterprises	88,526.0	7.1	28,268.0	31.9
Meas. 1.3 – Financial engineering	17,995.0	1.5	5,808.6	32.3
Meas. 1.4 – Immaterial investment	38,216.6	3.1	3,668.9	9.6
Meas. 1.5 – Support to investment of tourism and commerce enterprises	108,550.9	8.8	1,573.1	1.4
Meas. 1.6 – Set up of new enterprises	13,701.1	1.1	734.5	5.3
Meas. 1.7 – Innovation transfer to SMEs	15,049.5	1.2	0.0	0.0
Meas. 1.8 – Pre-competitive industrial research	21,479.2	1.7	0.0	0.0
Axis 2 – Qualification of the territory	506,257.0	41.1	183,939.1	36.3
Meas. 2.1 – Infrastructures for tourism and commerce	90,355.6	7.3	20,126.0	22.3
Meas. 2.2 – Infrastructures for culture	110,392.0	8.9	25,211.1	22.8
Meas. 2.3 – Infrastructures for transportation	114,604.6	9.3	18,875.2	16.4
Meas. 2.4 – Infrastructures for productive sectors	96,291.8	7.8	8,723.0	9.0
Meas. 2.5 – Social infrastructures	26,341.9	2.1	4,017.0	15.2
Meas. 2.6 – Infrastructures for training and employment	31,910.3	2.6	4,786.8	15.0
Meas. 2.7 – Territorial marketing	11,284.4	0.9	1,598.1	14.2
Meas. 2.8 – Support to information society	25,076.4	2.0	2,290.6	9.1
Axis 3 - Environment	217,827.3	17.7	79,126.6	36.3
Meas. 3.1 and 3.2 – Optimisation of energetic systems (public and private)	26,219.7	2.1	0.0	0.0
Meas. 3.3 – Water cycle	47,149.8	3.8	14,720.0	31.2
Meas. 3.4 – Waste disposal (public)	74,422.0	6.0	22,288.2	29.9
Meas. 3.6 and 3.7 – Land reclamation (public and private)	17,105.0	1.4	1,118.1	6.5
Meas. 3.8 – Protected areas and biodiversity	12,978.4	1.0	1,396.9	19.8
Meas. 3.9 – Protection of the soils	26,286.3	2.1	8,866.9	33.7
Meas. 3.10 – Enterprise support for environmental investment	13,666.0	1.0	0.0	0.0
Technical assistance	16,400.0	1.3	2,480.6	15.1
Total	1,231,925.6	100.0	350,083.1	28.4

Source: Docup, 2004; ECOTER, 2004.

Table 12. Docup: public investment allocated in objective 2 areas only

(thousand of euros).

	Programmed expenditure	% on total objective 2 expenditure
Axis 1 – SME Development	389,060.5	42.2
Axis 2 – Qualification of the territory	378.864.4	41.0
Axis 3 – Environment	155,294.8	16.8
Total objective 2	923,219.7	100.0

Source: Docup, 2004.

43. From a quick look at the composition of expenditure categories, it emerges that the bulk of the financial resources is directed to SMEs and infrastructures. This is even more so if we analyse only the funds available for objective 2 areas, where the SME-support projects increase to the detriment of resources devoted to the environment. The capacity of expenditure presented some delays in the implementation of measures 1.3, 1.5, 1.7, 1.8, 2.4, 2.8, 3.1, 3.2, 3.7, and 3.10 until 2003, but up-to-date data display a more regular pattern.

44. The Docup contains two typologies of financial resources: 1) enterprise-based and 2) place-based. The total number of measures undertaken is very high (25 out of the 27 foreseen by the European Commission) and shows that the Region has opted for a ‘distributive approach’ rather than for the concentration of resources. The total number of projects financed are 4 084 – 2 299 of which in Objective 2 areas – and those already concluded by 2003 were 37.5 % (ECOTER, 2004). The beneficiaries of axes 1 and 3 are mostly private enterprises.

45. The regional administration has acquired a solid experience in the management of the European funds, as it is confirmed by the concession of the 4 % premium as for the Docup expenditures, and many objective 2 areas have improved their economic situation and are now in a “phasing-out” stage.

46. A certain degree of co-ordination between the main programming instruments - Docup, RuDP and POR Obj. 3 - is guaranteed by the Technical Planning Committee which gathers the Regional Directorates, on weekly basis. In particular, there is a good level of co-ordination with POR Obj. 3. In fact some measures of both the programmes are under the same responsibility and some projects - Integrated Pilot Projects (PPI)¹² - are co-funded by both Structural Funds (ESF and EFRD). Moreover, to a certain extent, there is some concentration of the POR funds in Objective 2 areas - 5% per-capita premium in these areas. It could be useful to arrange a similar mechanism with the RuDP. Transparency in the overall management has been guaranteed by the separation of the three main activities between three different bodies: management, payment, and control and auditing.

47. Since 2004, the Docup has been implemented at the local scale by means of the innovative instrument of the Local Development Integrated Project (PISL), which sets up province-wide projects to be funded by the Docup by following the participatory and integrated approach of the “new programming”. The PISL must be entirely located in the areas eligible for the Docup and is based on the principles of territorial, financial, functional integration (of different measures/actions), as well as contextual and institutional integration of different EU, national and regional programmes -, and public-private partnership.

48. The pivotal role is played by the provinces that try to involve mountain communities, municipalities, universities, chambers of commerce, and local private socio-economic stakeholders in order to present vertically and horizontally integrated projects coherent with the strategy of the Docup. Quite interestingly, the application for the Docup financial resources is carried out on competitive basis.

49. Since the beginning of the discussion on the PISLs in 2002, the Region has strongly favoured this delegation process with constant technical support to the provinces during all the phases of design and implementation of the new programming instrument. This methodology gave rise to a shared vision between region and provinces *in primis*, but also with other partners, and an agreed-upon process of sedimentation of the various stages of the procedure. The process is formally standardised and is constituted of a general analysis of the territory concerned, SWOT analysis, thematic priorities,¹³ objectives and contextual coherence. The PISL has also incorporated and evaluation of environmental impacts. Each PISL proposed for the funding had an evaluation score used for the classification of the PISL entitled to the Docup funding. The evaluation is constituted by the following sub-categories: integration - the highest score -, environment, equal opportunities, feasibility, and participation. The criteria used for the specific scoring of each sub-category could be questionable, but this is an uncertain field and it is difficult to set objective parameters.

50. The projects initially proposed within the PISLs were 687 and the budget was of 419.5 million, but they were cut down to only 240 projects and 123 million at the end of the selection process. The applications for funding concern Axis 2 - "Territorial Qualification" - for 2/3 of the projects and funds. Axis 3 - "Environment" - has the second largest budget. Overall, the infrastructure projects represent 84% of the total budget - with the only measure 2.1 (infrastructures for tourism and commerce) equal to one third of the total. Priority, among others, in the allocation of the funds is given to projects activated from other programmes (Urban, LEADER, territorial pacts, etc.) but if they are unaccomplished.

51. In conclusion, the current implementation of the Docup, also through the PISLs, seems quite efficient and coherent with the approach of vertical and horizontal integration. Some delays seem however to occur in the support to SMEs, in particular, with reference to the most innovative measures – such as innovation transfer, services and financial engineering.

2.4.2. The Rural Development Plan

52. The Reg. (CE) n.1257/1999 concentrates (for the first time) the European financial support to rural areas and, for this purpose, requires the preparation of a consolidated RuDP, valid for the Community programming period 2000-2006, for the whole Community's surface - therefore also areas out of the objectives of the Structural Funds - set up at the scale that Member States consider more adequate.

53. In objective 2 areas it is possible to include rural development measures into the Single Programming Document (Docup) of the funds or into the RuDP. Tuscany, like the other regions in Central and Northern Italy, opted for a unified approach to rural development policy by means of the RuDP. Therefore, in Tuscany, the RuDP is currently the main programme applied to the rural areas.¹⁴

54. The RuDP (approved by the Regional Council in 1999) is applicable to all rural areas of the region with urban centres up to 15 000 inhabitants – about 90 % of the total rural territory) and focuses on the concept of quality and, more specifically, on the following central themes:

- improve quality of products;
- foster environmental quality;
- quality of landscapes;
- quality of life of the rural population.

55. The RuDP of Tuscany is divided into three main “axes”, to which follow “measures” and “actions” (see Box 3). The choice of the main axes is based on national ministerial guidelines. The Tuscany Region, as most of the other Italian regions (like it was the case for the Docup), decided to approve a high number of measures, 19 out of 22. This initial choice raised concerns on the possible dispersion of funds among many threads that in the end could not have been able to create a critical mass and trigger multiplicative effects. In the light of this consideration, the reduction of the measures implemented (six of the original 19 measures were never implemented or have been progressively suspended) should be evaluated positively, in general, although some questions can be raised – see, below.

Box 3. The layout of the RuDP

1. Axis 1 – Support to the productive system
 - Measure a – Investment in farms
 - Meas. b – Settlement of young farmers (suspended)*
 - Meas. c – Training
 - Meas. d – Early retirement
 - Meas. g – Improvement of transformation and commercialisation
2. Axis 2 – Improvement of rural environment
 - Meas. e – Disadvantaged areas and areas under environmental constraint (not activated)
 - Meas. f – Agro-environmental measures
 - Meas. h and i – Forests
3. Axis 3 – Integrated development of the rural territory
 - Meas. k – Land consolidation (not activated)
 - Meas. l – Services assisting farm management (not activated)
 - Meas. m – Commercialisation of quality products
 - Meas. n – Basic services for rural populations
 - Meas. p – Diversification of agricultural sector
 - Meas. q – Water management
 - Meas. r – Improvement of rural infrastructures
 - Meas. s – Support to handcrafts and tourism
 - Meas. t – Environmental protection with respect to agriculture and natural conservation (not activated)
 - Meas. u – Repairing of agricultural potential from natural disasters (suspended).

56. The Plan contains two types of measures: 1) farm-based (axes 1 and 2) and, 2) place-based (axes 2 and 3). The fact that all farm-based measures is concentrated in the RuDP has to be evaluated positively as it gives the farmer the incentive to make a comprehensive business plan as coherent as possible with the regional plan in order to have more chances to obtain resources.

57. The analysis of the distribution of expenditures by main axes shows that Tuscany places more emphasis on the measures aiming at improving the environment and the rural territory in comparison with the average attitude of the Italian objective 2 regions. Particularly meaningful is the choice of inserting measure “m” – commercialisation of quality products - into the integrated rural development axis instead of the first axis – as many regions did – so as to stress the particular link between products and the territory. On the other side, Axis 3 is the least endowed and highly concentrated on investment in agri-tourist facilities, and paradoxically it is the axis with the highest private-public funding ratio (117 %) compared to Axis 1 (81.7 %) and Axis 2 (16.2 %). The impression is that public institutions do not seem very sensitive to important expenditures such as development of rural services yet. Moreover, meas. “e” - aids in favour of disadvantaged areas and areas under environmental constraint - and meas. “v” - financial innovative instruments – have not been activated. This choice takes more relevance in the light of “Basel 2” reforms of the banking system that will come into force in 2006.

58. Overall, it appears that – as in the Docup - the most innovative instruments of the European programming are hardly utilised, while regions prefer to lean on the usual already tested measures like “a” and “f” – only the latter amounts to 43.3 % of the total expenditure, and together with measure “a” constitute 56.1 % -, that focus on farm support, although it has to be stressed the important cross-sectoral function of the latter.¹⁵ In cases like this, it is possible to notice a certain discrepancy between the advanced strategy and vision incorporated in the PRS (see, for instance, PRS: 75) and the actual implementation in the RuDP.

Table 13. RuDP: public investment allocated in Tuscany and Italy.

(2000-2003)

Axis	Total planned (million)	% allocated per axis (Tuscany)	Sign of Comparison	% allocated per axis (Italy)
1	175.7	24.3	<	32.9
a	92.6			
b	60.9			
c	3.0			
d	3.2			
g	16.0			
2	443.1	61.4	>	51.3
e	0.2			
f	312.7			
h	78.4			
i	51.8			
3	98.7 ¹⁶	13.7	>	12.8
m	3.9			
n	8.8			
p	55.0			
q	5.6			
r	8.7			
s	16.0			
t	0.2			
u	0.4			
Evaluation	1.0	0.1	>	0.27
Other	3.0	0.4	-	2.7
Total	721.6	100	-	100

Source: Agriconsulting, 2004; INEA, 2002.

59. Unlike other regions, Tuscany did not set any territorial priority in the RuDP. This choice is confirmed by the decision of not adopting measure “e” in the plan. Moreover, it could be questionable the fact that Tuscany, as many other regions, decided not to take into account in their rural plans the zoning outlined for objective 2 and phasing out areas,¹⁷ as well as the protected areas. Setting some territorial preferences in the allocation of the Plan’s measures could have helped the implementation of the regional place-based policy.¹⁸ However, this is partially counterbalanced by the PLSRs, which, in few cases, set some territorial priorities. But the choice of adopting so many measures together with no particular geographic preference should also be interpreted as the will of the regional administration to leave more room to the local policy-makers and to the spontaneous self-regulating mechanism of applications in the allocation process of the use of funds at the local scale. However, it should not be disregarded the possibility that the regional policy-makers might have had the temptation of using the funds according to an undifferentiated distributive logic.

60. The RuDP rests on about 722 million of public resources – 328.9 million are from the EAGGF (guarantee section) - plus estimated private resources amounting to about 330 million,¹⁹ for an overall budget of about 1.05 billion. The spending capacity was good, in general, up to 2004 – 70.4 % of public resources already spent since 2000 (although a remarkable 48 % of this amount was spent for commitments belonging to the past programming period 1994-1999!) – with evident delays with reference to Axis 3. However, these data are merely indicative because the risk is that focusing too much on fast spending might affect negatively the quality and effectiveness of the projects, and hamper participation in the rural development initiatives.

61. Since 2001, in the wake of the administrative reforms begun in the 1990s, Tuscany has been one of the few regions that has decentralised the process and delegated the administrative management of most of the measures contained in the RuDP at the provincial and mountain community levels, retaining only few actions, which need a wider and systemic co-ordination and are characterised by economies of scale, such as commercialisation of products, provision of services and support to tourism. Moreover, in order to guarantee the independence between the programme administration and the payment system, and to smooth the procedures, the Region set up its own payment authority, unlike most of the regions that avail themselves of the national payment authority.

62. Over the last decade, it has been possible to observe remarkable improvements in the managing capacity of the Region with the introduction of more efficient selection procedures, contemplating the involvement of local administration and the adoption of an ad hoc information system. Increased transparency in the use of public resources and a greater involvement of the stakeholders has been obtained through surveillance committees (not mandatory within Reg. 1257/99) composed by local institutions, economic and social partners. Further guarantee of the transparency and efficiency of the programming process is ensured by the appointment of a regional officer who is responsible for a single measure of the RuDP, and by the creation of the Regional Evaluation Committee (NURV).

63. As a result of the innovations introduced in the last few years, the Region is mainly responsible for the activity of programming, advising, evaluation, monitoring, and the spending mechanism. Provinces and mountain communities instruct the applications and check the compliance with the formal administrative procedures. Even further, the latter organisms can present Local Rural Development Plans (PLSRs) to set out strategies, priorities and actions identified in their respective territories. The institution of PLSRs and of the payment authority are undoubtedly praiseworthy steps in the direction of endogenous development policies and may make the programming process more efficient.²⁰

Table 14. RuDP: public investment allocated by administrative entity.

Measure	Region	Province	Mountain Community
a		X	X
b		X	X
c		X	
d		X	X
g	X		
e		X	X
f		X	X
h		X	X
i	X	X	X
m	X	X	
n	X		
p		X	X
q		X	
r		X	
s	X		
t		X	X
u		X	X

Table 15. RuDP: public resources spent (million).

Axis	Total planned 2000-2006	Spent in 2000-2004	% allocated
1	175.7	142.1	80.9
2	443.1	368.8	83.8
3	98.7	47.2	47.8
Other	4.0	3.5	87.5
Total	721.6	562.7	77.9

Source: Elaboration from Regione Toscana, 2004.

64. A thoughtful evaluation process based on the use of questionnaires and using various indicators²¹ showed the positive impact of the RuDP.

65. The Region has been effective at institutionalising and including “the local knowledge” in the programming process also, for instance, through the merging of the networks of the certification of typical products and tourist networks. A successful example is the promotion of tourist itineraries based on quality and typical products,²² like the “wine routes” promoted by an *ad hoc* 1999²³ regional law.

2.4.3. The Local Plans of Rural Development (PLSR)

66. The Local Plans of Rural Development (PLSR) are set up in the wake of the general process of delegation of administrative functions to local authorities - i.e., provinces and mountain communities - that, for the more specific agricultural issues, started with the Regional Law 10/1989 and was confirmed by the Regional Laws 9/1998 and 82/2000. The local authorities are thus the key actors in the implementation of the RuDP.

67. The distribution of financial resources in the territory is decided on the basis of regional standardised parameters like UAS, population density, numbers of farmers, per-capita GDP, depopulation in a given local area, plus weights applied to each measure. The partition is also constrained by the relative weights of financial resources applied to the three axes set at the regional level – i.e., Axis 1 = 24.54 %;

Axis 2 = 56.53 %; Axis 3 = 18.93 %. Therefore, once the resources are distributed, provinces and mountain communities can decide quite freely how much to allocate to each single measure, according to the budget assigned to that specific year, within the percentage allotted to each axis.

68. The financial plan of the PLSR is updated yearly. The local selection process of the applications received after a public announcement is made through priority-setting (environmental conditions, specific aspects of the projects, etc.) and scores (characteristics of the farmers, etc.), depending on the specific measure/action, and seems consistent with the overall strategy of the RuDP²⁴ and the PRS.

69. The PLSRs were approved by the Region and are on average more than two per province, therefore the request made by the Region to set up only one Plan per province has been rightly disregarded, considered the territorial heterogeneity of many provinces. From the analysis of the Plans it emerges a strategy strongly centred on the multifunctional approach of the local rural areas. In fact, they give unanimous priority to measures like “a” - investment in farms -, “f” - agro-environment (in particular, organic agricultural produce) - and “p” – diversification (in particular, agri-tourism). This is due to the fact that their demand from farmers is higher and they can allow a wide and differentiated use of actions, although requests of financial aids in meas. “f” and “p” are still highly concentrated. As far as the agro-environmental measures are concerned, for instance, it would be desirable that the PLSRs introduce selection criteria in the application that be functional to the specific environmental problems and potentialities present in the territory so as to optimise their effectiveness and synergy effects.

2.4.4. The LEADER Community Initiative

70. LEADER is widely considered as one of the most successful instruments for endogenous development in rural areas. Its ‘method’ is based on the following features:

- place-based approach;
- bottom-up approach;
- mixed public-private local action groups;
- integrated programme;
- wide eligibility;
- networking and transnational co-operation;
- certain degree of flexibility in the operating management but still subject to financial controls.

71. Since the approval of Agenda 2000, LEADER, in objective 2 areas, has been funded through the EAGGF – Guidance Section - and can be applied to the whole territory, including areas out of the objective of the Structural Funds (EC Communication 2000/C 139/05). The Commission recommends an efficient allocation of LEADER resources through a programming that involves wide areas and focuses on one or two ‘catalyst ideas’ in order to elicit a critical mass of investment. In any case, the concentration of resources on the main idea can not be inferior to 51%, and the administration and management costs can not be superior to 10 % of the total budget. The EU gives much importance to the bottom-up and participatory approach, in this initiative, and, to this aim, it requires that the majority of the executive council of the Local Action Group (LAG) – the local management organism of the initiative – is not represented by members of the public administration.

72. The programme is based on the animation activity exerted by the **LAG** which stimulates and elaborates inputs from the territory for the preparation and management of a Local Action Plan (**LAP**). The LAP is then checked by the regional, national and EU authorities according to a “soft or loose hierarchy” where endogenously-determined projects are only expected to respect the methodological approach proposed by the upper-tiers of the public administration.

73. The third edition of LEADER Initiative - LEADER Plus – insists on the concept of inter-locality or co-operative territoriality at the national and international scale. Rather than portraying rural local systems as fighting for their position in the market, the LEADER plus approach insists on clusters of open territories exchanging information, knowledge, goods, projects and strategies. The maximum budget share earmarked to co-operation projects is 25 % of the total.

74. LEADER Plus is applicable according to the following criteria:

- mountain areas;
- municipalities with a density inferior to 120 inhabitants per km²;
- employment rate in agriculture at least double than the Community average;
- urban areas with not more than 15 000 inhabitants;
- the total population included in the area of interest should be between 35 000 and 100 000 people.

75. The programme is divided in the following three main axes of action: 1) support to integrated rural development, 2) inter-territorial and trans-national co-operation, 3) creation of EU-wide networks²⁵. The programme has a monitoring and appraisal system. Particular emphasis is given to the participation of youth and women, and to the capacity of networking in the LAP.

76. Tuscany, unlike other regions, has not been opted for the territorial concentration of resources and thus has not set any specific priority areas in the geographical eligibility of LEADER Plus. Eight LAPs have been selected covering two thirds of Tuscany’s surface and 19.6% of the population. About ¾ of the protected areas take part in the initiative. The average density in the programme areas is of 46 inhab./km², much lower than the regional average.

Figure 9. LEADER Plus areas in Tuscany.



Table 16. Socio-economic comparison between LEADER Plus areas and Tuscany.

	Leader Plus areas	Rest of Tuscany	Tuscany
No. Municipalities	169	118	278
Surface (%)	65.7	34.3	100.0
Inhabitants per municipality	4,098	24,033	12,295
Total value added (%)	15.4	84.6	100.0
Employees/enterprise	3.5	3.9	3.8
Per-capita social expenditure	113.9	193.1	177.5
High school student / 14-19 year-old inhabitants	52.0	103.8	93.8
Tourist presence (%)	29.5	70.5	100.0
Length of tourist stay	5.2	3.3	3.7

Source: Docup LEADER Plus, 1999.

77. The total funds assigned to Tuscany for this Community Initiative are the most relevant in Central and Northern Italy. They amount to 13.34 million plus available national and regional funds equal to 17.65, giving the total amount of 31 million - equal to 47.7 % of the total programmed public and private resources (65 million). Given the small amount of resources disposed by each LAP, LEADER focuses on the programming of immaterial and organisational actions, rather than infrastructures. Potential beneficiaries are enterprises, farms, public institutions and no-profit organisations. Axis 1 absorbs 89.4 % of total investment and is divided into two main measures which support productive systems and services, respectively. As far as international co-operation is concerned – axis 2 -, Tuscany’s LAGs are more oriented to projects of valorisation of their own local products.

78. Some actions are similar to those contained in the Docup Obj. 2 and in the RuDP. It is estimated, in fact, that the LEADER Plus areas receive about 285 million from these two programmes in fields correlated with the Community initiative.

Table 17. LEADER Plus: programmed investment (million).

Axis	Total	Public	% public	% public resources spent by 2003
1 – Integrated rural development	58.04	27.33	47.1	20.5
Meas. 1 – Support to the production system		9.68		0.0
Meas. 2 – Support to services		12.91		31.1
Meas. 3 – Overheads costs		4.73		33.4
2 – Co-operation	6.37	3.14	49.3	0.0
3 – Monitoring, evaluation	0.53	0.53	100	25.5
Total	64.94	30.99	47.7	18.5

Source: IRPET, 2004; Regione Toscana-Agriconsulting, 2004.

PART III: RURAL DEVELOPMENT IN THE PROVINCES OF GROSSETO AND AREZZO

3.1. Diverse paths within rural Tuscany: the provinces of Grosseto and Arezzo

79. As already discussed in part 2, 'rural can take many different forms in Tuscany both in terms of land use and economic activity and in terms of more or less successful development trajectories. Grosseto and Arezzo provide examples of Provinces that despite being part of the same region present remarkable differences. The former is a 'typical' Ob. 2 area with relatively low population density, lower than regional per capita GDP and strong reliance on agriculture. The latter is a more dynamic area, 'phasing out' from Ob. 2 with competitive SMEs, lower unemployment and younger population.

3.1.1. Geography and demographic profile

80. *The province of Grosseto*, with its 28 municipalities and 4 503 km² of surface, is the largest and most Southern one in Tuscany. It partly coincides with Maremma - the coastal region between the Arno and the Tevere rivers - and with the ancient Etruria, overlapping with Maremma, which takes the name from the civilisation that took place between the IX and IV century b.C. The province is delimited by the Tirrenian Sea to the West, the *Colline Metallifere* to the North, the Appennine mountains to the East and the Fiora River to the South. The area is mostly mountainous (37%) and hilly (51%), except in the central part, around the main town Grosseto. The utilised agricultural surface (UAS) is 46% of the total, higher than the regional average.

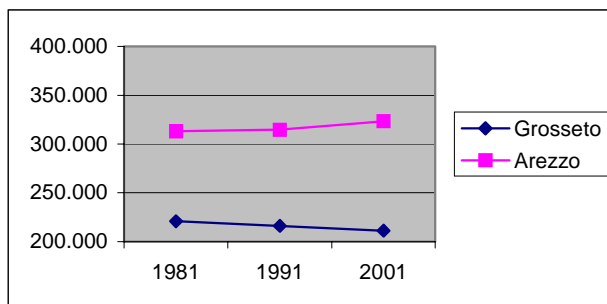
81. *The Province of Arezzo* is positioned in the East of Tuscany, at the foot of the Apennine, and has an extension of 3 232 km². It has 38 municipalities and its morphology is divided between hills (60.1 %) and mountains (39.9 %), while the forests constitute 46.5 % of the surface. The sub-regions of Casentino and Valtiberina are located in the North of the province, while Arezzo, the main town, is situated in the valley at the centre, halfway between Perugia and Florence. The province is crossed by the Arno river, which originates in the Casentino mountains and reaches Florence through the Val d'Arno in the North-West. Finally, Val di Chiana is the geographical continuity between Arezzo and Siena. The UAS is of just 34.5 %, lower than the regional average.

82. In 2003, the Province of Grosseto, with a population of 215 thousand inhabitants, has the lowest density in Tuscany – almost 48 inhabitants per km² - and one of the lowest in Italy. Since 1951, the population trends have been decreasing in the inner part of the province (the three LESs of Colline Metallifere, Amiata and Albegna) while has increased more or less regularly in the areas of Grosseto and the coast (LESs of Grosseto and Costa d'Argento). Also as far as the ageing index is concerned, we can find the same geographical pattern. Overall, however, the provincial demographic trend has been decreasing since 1961 and, correspondingly, the ageing index has been increasing.

83. The population of Arezzo Province is 330 thousand people and the density is double than Grosseto, more than 100 inhabitants per km², but in this area different geo-demographic trends have been registered. In the central area of the province, around the main town and in the valley of the Tiber river (LESs of Arezzo and Valdarno Sud), the trends have always been positive, whereas in the surrounding hilly and mountain areas (LESs Casentino, Valtiberina and Val di Chiana) they have usually been negative, although, over the last decade, due to the positive migration balance, the demographic trend has reversed its sign, but still it is lower than the demographic growth occurred in the central area. The population

density in the more marginal LESs is about one third than that in the central LESs: 167 inhab./ km² Arezzo area and 153 inhab./ km² in Valdarno, while 45 inhab./ km² in Casentino and 40 inhab./ km² in Valtiberina.

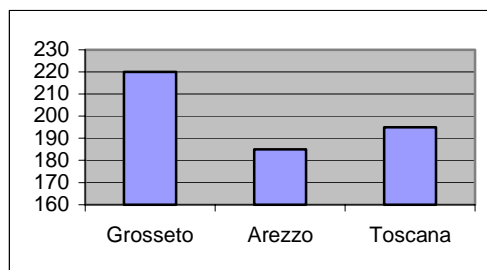
Figure 10. Population trends in the provinces of Grosseto and Arezzo (1981-2001).



Source: ISTAT (2001).

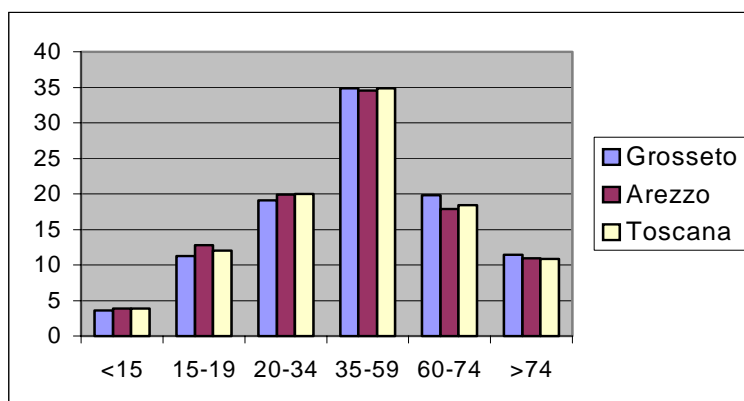
84. The ageing indexes of the two provinces - the ratio elderly population to youngsters - are quite different and reflect the different age structure of the local populations as well as the different level of economic wealth. In both cases, the ageing indexes are higher in the marginal mountain areas and lower in the richer LESs within the provinces - central LESs for Arezzo, coastal LESs for Grosseto. The age structure confirms the higher incidence of younger classes in Arezzo's case, just opposite the analysis for Grosseto.

Figure 11. Ageing index (2001).



Source: Istat, 2003.

Figure 12. Age classes (2001).



Source: Istat, 2003.

3.1.2. The economy of Arezzo and Grosseto

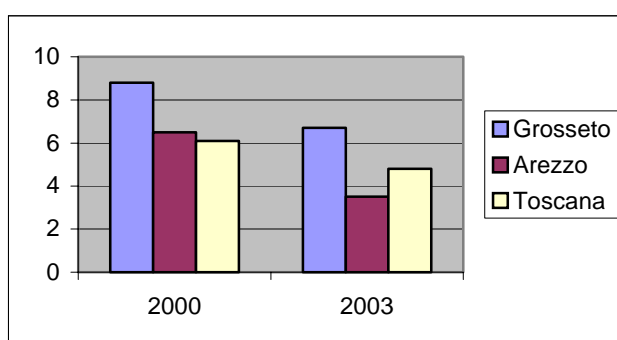
85. In the 1950s, in Grosseto, the agrarian reform brought about the redistribution of land and the creation of thousand of new farmers that could then count on such an asset to face aggregate and idiosyncratic shocks. The mine and the agricultural endowment of the province strongly influenced its economy, with the decreasing terms of trade of raw materials, remaining dependent on them until the beginning of the 1980s. Unlike the rest of Tuscany, the economy of the province underwent late, exogenously-determined and partial industrialisation mainly in the mine extraction - in the North - and chemical sectors - on the coast -, which never employed more than one third of the working population. The unemployment rate has historically been higher than the regional average for all along the last century, although it has progressively been decreasing since the 1990s.

86. Nowadays, the province has 5 % of the regional population, a bit less in terms of value added produced, and covers 20 % of the Tuscany's territory. Grosseto is divided between two main economic areas: the inner hilly areas, where the agricultural sector has still the strongest relative incidence on the value added created by the province compared to the rest of Tuscany, and the coastal areas, where the service sector, to a great extent linked to the increasing seasonal tourist activities, has become predominant since the 1980s. The rest of the province remains characterised by marginal areas in the mountains - in the North and in the East - where the economy hinges on subsistence agriculture and forestry, but where rural tourism is progressively affirming itself and giving new opportunity of development. In this picture, the town of Grosseto is the *trait d'union* and the main attractive centre presenting characteristics of a modern service-based town.

87. The economy in the Province of Arezzo was historically based on agriculture until the 1960s. Since then, the industrial activity has been mainly characterised by SMEs and by their high specialisation and quality production - the so-called "light industry". The most industrialised areas are the central ones - Arezzo and Val d'Arno. Here are localised two industrial districts - goldsmith and leather - whereas in Casentino and Valtiberina, which combine industrial and agricultural activities, there is a third ID - the ID of textile and clothing. In the surrounding mountain areas productive activities are more based on agriculture and forestry. Arezzo, with its rurban territory, represents a typical case of industrialisation without fractures, based on the utilisation of important resources drawn from the rural world, in a perspective of economic, social and historical continuity.

88. Analysing the unemployment rates, we can observe the symmetric situation of the two provinces, with Arezzo having the second lowest rate in the region and Grosseto the second highest. The trend at regional level has generally been decreasing over the last decade (Figure 13).

Figure 13. Unemployment rates.



Source: IRPET (2004)

89. The examination of the distribution of value added and employment shows that Grosseto has a relevant incidence of agricultural activity, private and public services. The average farm size of the province is much larger than the regional average, but it has been decreasing since 1990. Arezzo has a higher concentration in the manufacturing sector, while the tertiary sector is lower than regional average. Manufacturing enterprises in Arezzo are larger than those in Grosseto (see Table 19).

90. Per-capita GDP in the Province of Grosseto is 78.6% of the Tuscan value, while Arezzo is equal to 91.4% - in this case it is evident the negative effect of the mountain LESs. Private consumption and spending of the public administration in Grosseto have a relatively higher incidence, compared to the GDP. This could be due to the high tourist presence and to the ageing of the population. Arezzo has a more equilibrated spending and investment structure. Coherently with this quick analysis, Grosseto has been included in the objective 2 areas of the Structural Funds, while Arezzo is in phasing-out.

Table 18. Distribution of value added and employment per sector in 2002.

	Grosseto ^o		Arezzo [*]		Tuscany [*]	
	VA	Empl	VA	Empl	VA	Empl
Agriculture and agri-food	8.1	11.3	4.4	5.9	3.4	4.7
Manufacturing	16.3	10.2	30.3	31.8	23.2	23.9
Construction	5.2	6.9	4.2	5.8	4.1	5.9
Commerce	22.4	27.2	17.2	20.2	18.5	23.1
Services	48.0	44.4	43.9	36.3	50.7	42.4

Source: Elaboration from IRPET, 2004; *IRPET, 2003.

Table 19. Some economic indicators in 2002.

	Toscana ()	Grosseto (%)	Arezzo (%)
Per-capita GDP	24,306.3	78.6	91.4
Private consumption	14,707.0	108.1	88.8
Public spending	4,216.3	100.4	96.9
Gross fixed investment	4,169.5	99.6	93.5

Source: IRPET, 2004.

Table 20. Number of enterprises per 100 inhabitants

Arezzo, Grosseto and Tuscany

	No.	No. enterpr. per 100 inhabitants
Arezzo	27.754	8.4
Grosseto	17.096	7.9
Tuscany	313.020	8.9

Source: DPEF, 2004.

Table 21. Average size of enterprises.

	Arezzo			Grosseto		
	No. of local units	No. of employees	No. of employees per local unit	No. of local units	No. of employees	No. of employees per local unit
Industry	10,455	58,089	5.6	4,371	16,037	3.7
Commerce	8,617	21,281	2.5	5,992	13,732	2.3
Services	9,127	32,605	3.6	6,698	23,425	3.5
Public administration	2,273	18,441	8.1	1,608	14,761	9.2
Total	30,472	130,416	4.28	18,669	67,955	3.64

Source: CLES, 2003.

91. The tourist sector is central in Grosseto's economy. About 12% of the regional official tourist presence is in this province, and if we consider the estimated overall tourist presence, Grosseto reaches 17% (IRPET, 2004). Out of the overall value added of the province, tourism has an estimated incidence of 24%. Tourist distribution over its territory is getting more equilibrated, although it is still more concentrated on the coast. This means that the mountain areas have a strong potential in this sector. The phenomenon of second houses is very strong - on the coast they reach 45% of the total. The capacity of tourist attraction for Arezzo is much weaker, with about 8% of value added elicited by this sector (though in Casentino it exceeds 19% of GDP) (see Table 23).

Table 22. Tourist presence in the Province of Grosseto.

	Officials	In second houses ¹	Total	Tourist intensity ²
Internal LESs ³	1,306,518	4,788,826	6,095,344	0.201
Coastal LESs ⁴	3,907,324	6,913,034	10,820,358	0.245
Total	5,213,842	11,701,860	16,925,702	0.215

1 Estimates. 2 Tourist intensity = tourists / population / 365. 3 Internal LESs (Colline Metallifere, Amiata, Colline Interne). 4 Coastal LESs (Grosseto and Costa d'Argento).

Source: IRPET, 2004.

Table 23. Tourist flows in Arezzo and Grosseto

	Officials	In second houses ¹	Total	Tourist intensity ²
Mountain LESs ³	428,608	1,523,609	1,952,217	0.075
Central LESs ⁴	484,727	2,039,276	2,524,003	0.030
Total	913,335	3,562,885	4,476,220	0.037

1 Estimates. 2 Tourist intensity = tourists / population / 365. 3 Mountain LESs (Casentino, Alta Val Tiberina, and Val di Chiana). 4 Central LESs (Arezzo and Valdarno Sud).

Source: IRPET, 2004.

92. The average farm UAS in Arezzo is only 5 ha, while in Grosseto is 11.7 ha compared to the regional average of 6.3 ha. In the two provinces there is 36 % of the total regional agri-food enterprises (20.6 only in Grosseto) and a high concentration of denomination-of-origin food products, while agri-tourism is more concentrated in Grosseto. In both provinces 15 % of farmers make use of organic agriculture.

Table 24. Distribution of agri-food enterprises by Provinces

	Arezzo	Regional %	Grosseto	Regional %	Tuscany
Agriculture	7,567	16.1	10,259	21.8	46,985
Forestry	241	18.1	200	15.0	1,334
Fishing	3	0.7	131	31.4	417
Food and alcohol industry	444	8.8	472	9.4	5,047
Tobacco	1	50.0	0	0	2
Total agri-food	8,256	15.4	11,062	20.6	53,785
Total enterprises	33,977	9.7	27,225	7.8	350,384

Source: ARSIA e IRPET, Rapporto Economia e Politiche Rurali in Toscana, 2004.

93. Consistently with such analysis, we can classify the inner **LESs** in Grosseto and the mountain one in Arezzo as “rural tourist systems” – where both agricultural and tourism are important activities. In Grosseto, the southern coastal SEL can be defined as “open tourist system” – with tourism and connected services as prevailing activities. At the centre of the province, the urban system of the town of Grosseto has its own economic structure which could be defined peculiarly as a “rural-urban system”. The central LESs in the Province of Arezzo can instead be classified as “open industrial systems” because of their strong economic connections with other systems external and internal to the region.

94. The rural systems within each province and mountain communities are difficult to be define. A tentative classification could be the following:

Table 25. Classification of Local Economic Systems in Arezzo and Grosseto

	Agro-rural	Residencial-rural	Tourist-rural	Rural-urban	Marginal-rural	Agricultural ¹	Non-agricultural
Valtiberina		X					
Valdarno				X		X	
Valdichiana	X						
Casentino	X	X					
Amiata Grossetana			X		X	X	
Arezzo	X	X					X
Colline del Fiora	X		X		X		
Colline Metallifere		X	X				
Grosseto			X	X		X	

1 Areas with no rural characteristics and with agriculture as main activity. Source: freely adapted from Bacci, 2002.

Source: OECD, adapted from Bacci, 2002.

Table 26. Environmental indicators

	Hazardous waste (% of special waste)	Polluted sites (% of the regional total)	Per-capita production of waste (kg/year)*	Sorted waste (%)*
Arezzo	2.7	0.0	570	20.3
Grosseto	0.7	17.7	693	17.6
Tuscany	4.0	384	669	25.9

Source: Docup, 2004; *APAT, 2003.

Table 27. Land use indicators (%).

	Urban areas	Industrial areas	Mines, queries	Agricultural areas	Forests	Other green areas	Water surfaces
Arezzo	1.6	0.5	0.3	41.3	56.2	-	0.2
Grosseto	0.9	0.3	0.2	53.0	43.7	0.1	1.1
Tuscany	2.4	0.8	0.3	45.4	50.5	0.1	0.

Source: Piano Regionale di Azione Ambientale, 2004

Table 28. SWOT analysis of the Arezzo and Grosseto Provinces

	Strength	Weakness
GROSSETO	Large farm size Integration between community and productive activities High incidence of services as stabilising factor vis-a-vis tourism Social cohesion and equity Low environmental impact of population	Ageing Unemployment Unskilled labour Low value added per unit of labour Inadequate infrastructures and services in rural areas Seasonal tourism
	Opportunities	Threats
	Rural landscape Tourism and commerce Archaeological sites High incidence of forests and protected areas Typical food products of high quality Organic agriculture	Fragility of the environment Structural lightness and fragmentation of the productive system Weak connections between urban systems Tourism concentrated on the coast to detriment of the inner areas High incidence of seconded houses Erosion of soils Salinification of water
APEZZO	Strength	Weakness
	Leading enterprises Widespread handicrafts and commerce Industrial districts Widespread farming Public opinion sensitive to sustainable development issue	Small farm size and fragmented agri-food supply Ageing in mountain LESs Few trademarks Low level of services in mountain LESs Physical isolation of marginal areas
	Opportunities	Threat
	Agri-tourism Development of organic agriculture Typical products More than 50 % of wine production is of Denomination of Origin Valuable environmental and cultural heritage	Depopulation of marginal areas Strong environmental impact of intensive agriculture in the plane areas (Arezzo, Valdarno, Val di Chiana) Decreasing competitiveness of SME systems

3.2. The programming activity in Arezzo and Grosseto

95. There is a great wealth of programming instruments implemented in the Province of Arezzo (see Box 4 for a list of the main ones). Hereunder, we will analyse the programmes which are the most relevant for the scope of this work.

Box 4. Main Programming Instruments in the Provinces of Grosseto and Arezzo

Arezzo:

- RuDP and PRSL,
- DOCUP, objective 2,
- ROP, objective 3,
- Territorial Pact of Central Apennine,
- Agricultural Territorial Pact,
- Industrial Districts and Local Manufacturing Production Systems,
- Development Plans in mountain communities,
- CI LEADER,
- CI Equal,
- Sectoral local plans (social assistance, tourism, education, culture),
- Plan for the socio-economic development of protected areas,
- Plan of the "Foreste Casentinesi" National Park,
- Regional Law 41/1998 (PLSS until 2004).

Grosseto:

- RuDP and PLSR,
- DOCUP, objective 2,
- ROP, objective 3,
- PRUSST,
- Territorial Pact (general),
- Agricultural Territorial Pact,
- Programme Contract for Agro-industry,
- Rural District
- C.I. LEADER,
- Development Plans in mountain communities,
- C.I. EQUAL,
- Local Agenda XXI,
- FIOF (Financial Instrument for Orientation of Fishery),
- Regional Law 41/1998 (PLSS until 2004),
- Sectoral local plans (social assistance, tourism, education, culture).

3.2.1. RuDP and Local Rural Development Plans

96. The Region approved four PLSRs in the Province of Arezzo – one for the Arezzo Province and the Mountain Community Casentino, Mountain Community Valtiberina, and Mountain Community Pratomagno, and four in the Province of Grosseto – those of the Province itself, Mountain Community Colline Metallifere, Mountain Community Fiora, and Mountain Community Amiata –

97. *The PLSRs in the Province of Arezzo* all support activities in favour of local agro-zootechnic production, forests, and agri-tourism, but they also deal with different aspects of rural development due to distinguishing socio-economic phenomena. In fact, while the Mountain Community of Valtiberina is characterised by a strong depopulation trend (-24% in the decade 1991-2001), in the rest of the province, in the same period, there has been a positive demographic trend. Since the negative demographic trend in the former is correlated with a set of problems like infrastructural lag, low rentability of economic activities, and soil degradation, the PLSR focuses in particular on economic diversification through natural, cultural and landscape valorisation of the territory. A similar strategy characterises the PLSR of the Mountain Community of Pratomagno. The two other PLSRs of the province tackle the rentability of agricultural activity, with particular attention to its environmental impact in the case of the Arezzo Province.

98. *The PLSRs in the Province of Grosseto* and the Mountain Community of Fiora stress mainly the problems affecting the agricultural sector, such as modernisation lag of agricultural infrastructures, low use of environmentally-friendly processes, shortage of quality certification systems, inadequate stock, processing and transformation systems, difficult access to the regional and interregional markets. Therefore, the PLSR aims at the improvement of agriculture by means of development of the local *filiere* and of good-quality production. The Mountain Community of Amiata Grossetana intertwines actions in support of typical agricultural production with actions in favour of tourism and leisure. The Mountain Community Colline Metallifere focuses specifically its strategies on quality production.

99. Overall, the local programming authorities of the two provinces have arranged a good level of concentration of their interventions and, consequently, have used less measures than those available at the regional level. This has certainly favoured critical mass formation and the exploitation of scale effects. In the period 2000-2003, the local authorities privileged financial support to the private sector, more specifically: the support to young farmers (but only until it was suspended in 2002), farm investment, organic agriculture, and agri-tourism. Very small amounts are addressed to infrastructures and only Arezzo and Valtiberina set a territorial preference for protected areas in the case of measure 6. On the other hand, this province spent only 5.4 % of the total resources available for integrated territorial development projects (Axis 3).

100. Another flawed aspect of the PLSRs analysed is the ‘non-preferential treatment’, when it is not penalisation, suffered by the co-operative structures in the scoring mechanism of the applications: in the measure 8.2 (forests) individual farmers are inexplicably advantaged in comparison with co-operative structures. This last point goes against the strategy of the RuDP, according to which larger farms and a higher integration in the transformation, processing and distribution phases of produce are needed in Tuscany.

101. Overall the PLSRs display a fair degree of coherence between the potentials and critical aspects of the territory, on the one hand, and the strategies and the specific actions chosen to tackle them, on the other.

Table 29. RuDP: payments by province in the 2000-2003 period.

	Arezzo	% of the total spent	Grosseto	% of the total spent
Axis 1	11,859,156	73%	15,073,825	72.9
Measures				
a – 1	4,145,906	25.5	3,564,781	17.2
b – 2 (until 2002)	7,713,250	47.5	11,213,000	54.2
c – 3			12,000	0.0
d – 4			284,044	1.4
Axis 2	3,487,990	21.5	3,399,313	16.4
Measures				
f – 6	2,989,475	18.4	2,811,321	13.6
h – 8.1	29,026	0.1	441,380	2.1
i – 8.2	469,488	28.9	146,613	0.7
Axis 3	879,744	5.4	2,198,977	10.6
Measures				
m – 9.3	8,448	0.0	25,000	0.1
p – 9.5	871,296	5.4	1,498,569	7.1
r – 9.7			675,408	3.2
Total	16,226,890	100.0	20,672,115	100.0

Source: Fonte: IRPET, 2004.

Table 30. Priority actions in the three most important measures of the PLSRs in the 2000-2003 period.

	Arezzo	Prato- magno	Grosseto	Fiora	Casentino	Valtiberina	Amiata	Colline Metallifere
Measure 1 – Investment	1	1	1	2	1	1	2	2
Action 1.1 – Farm investment for agricultural production	1	2	2	1	1	1	2	2
1.1.a – Vegetal production	1	1	2	2	2	2	2	1
1.1.b – Animal production	2	2	1	1	1	1	1	2
1.1.c – Infrastructures								
Action 1.2 – Farm investment for the environment	2	1			2	2		
Action 1.3 – Farm investment for the enhancement of agri-food quality			1	1			1	1
Territorial preferences	-	-	-	-	-	-	-	-
Measure 6 – Agro-environment	2	2	2	1	2	2	1	1
Action 6.1 – Bio-agriculture	1		2	2	1	1	2	
Action 6.2. – Integrated agriculture								
Action 6.3 – Local animal breeds	2	2	1	1	2	2	1	1
Action 6.4 – Local vegetal species		1						2
Action 6.5 – Land improvement								

**Table 30. Priority actions in the three most important measures of the PLSRs in the 2000-2003 period
(continued)**

Territorial preferences	Protected areas	-	-	-	-	Protected areas	-	-
Measure 9.5 – Diversification	3	3	3	3	3	3	3	3
Action 9.5.a – Agri-tourism	1	1	1	1	1	1	1	2
Action 9.5.b – Pluri-activity (crafts, divulgation of typical products, etc.)	2	2	2	2	2	2	2	1
Territorial preferences	Marginal areas	Marginal areas		Marginal areas	Marginal areas	Marginal areas	Marginal areas	Marginal areas
Total budget (thousand)				16.88			11,218.0	9,494.9
				0.2				

Source: PLSRs.

3.2.2. LEADER Plus

102. The EU LEADER Plus in the Province of Grosseto covers 27 municipalities (24 plus three partially) out of 28, with a population of 117 thousand people and a surface of about 4,400 km², corresponding to 98% of the province's territory. Mountain area represent about 37% of such territory. In the previous programming period 1994-1999, there were two LEADER II programmes and two LAGs (Local Action Groups): LAG Amiata and LAG Consorzio Qualità Maremma). In 2002, the two were merged in the new LAG (F.A.R. Maremma). This LAG has identified the following main themes as respectively the 'catalyst' and the 'secondary' themes on which to focus its local action plan (LAP):

valorisation of local products through better access of SMEs to the markets (catalyst theme);

2a. improvement of quality of life and valorisation of cultural and natural resources (secondary theme);

2b. use of new methods and technologies in order to improve local products and services (secondary theme).

The LAP earmarked 51% of the resources for the catalyst theme, while themes 2a and 2b receive 26% and 23%, respectively.

103. In Arezzo, there are two LEADER Plus initiatives: LAG Appennino Aretino and LAG LEADER Siena. *The former* was founded in 1997, during the LEADER II phase, and involves 29 municipalities out of 38 in the province with a total population of 115 thousand inhabitants and an area of 2 164 km². The mountain area is about half of the surface and the total UAS is 41.2 %. LES Valdarno Sud is mostly included in the homonymous Industrial District specialised in leather and footwear, while LESs Valtiberina and Casentino are located in the Industrial District of textile and clothing, and finally LES Area Aretina is part of the Industrial District of goldsmith. This implies that the LEADER area has a high density of firms – 24 445 out of 38 048 enterprises, that is to say 63 % of the province. The territory is unevenly endowed with transport infrastructures – more concentrated in the heavily industrialised and urbanised central area of the province. It has one catalyst theme and two secondary as follows:

use of new methods and technologies in order to improve local products and services;

2a. improvement of quality of life in rural areas;

2b. valorisation of local products.

104. LAG LEADER Siena was founded in 1996 and involves four municipalities in the Province of Arezzo (LES Val di Chiana) and 23 in Siena with a total surface of 2,778 km² and a population of 111 thousand inhabitants. It has chosen to focus on the following themes:

improvement of quality of life in rural areas (54% of the budget);

2a. valorisation of local products (27%);

2b. use of new methods and technologies in order to improve local products and services (19%).

Table 31. Main data for the three LAGs.

LAG	Public resources	Total investment	% of public resources	Surface	Density Inhab/km ²	UAS (% of total area)	Executive Council	
							Public members	Private members and corporate organisations
FAR Maremma	5,272,082	11,628,525	45.3	4,420	26.5	49.6	8	9
Support to the productive system	1,724,953	5,180,147	14.3					
Support to services	2,184,732	4,369,464	21.5					
Co-operation	543,433	1,055,209	51.5					
Administrative costs	818,964	1,023,705	80.0					
LEADER Siena	3,774,620	8,677,972	48.3	2,778	39.8	52.1	2	16
Support to the productive system	1,222,860	3,512,390	34.8					
Support to services	2,091,130	3,403,420	61.4					
Co-operation	460,630	894,430	51.5					
Administrative costs	694,180	867,730	80.0					
Appennino Aretino	3,691,230	9,876,391	40.9	2,164	53.1	41.2	5	5
Support to the productive system	1,619,670	4,049,180	40.0					
Support to services	1,621,090	3,242,180	50.0%					
Co-operation	450,460	1,142,910	39.4					
Administrative costs	678,620	848,280	80.0					
Total	11,918,980	27,443,239	43.4					
Total Tuscany	30,990,000	64,940,000	47.7					

105. The similarities between the LAGs' thematic strategies and the actions of the RuDP raise concerns as to what extent they are complementary rather than overlapping to each other. Each LAP formally includes a section that deals with this issue but it is not clear coherence is actively sought between

different programmes. Another delicate issue concerns the geographic extension of the LEADER programmes: the Appennino Aretino LAG for instance seems economically very heterogeneous, given that in some parts it is an highly industrialised area. So, on the one hand, if it is true that supporting rural programmes in industrialised areas could foster a “development without territorial fractures”, on the other, the risk is to disperse investment in areas where it may be less productive and coherent with the overall development strategy. Perhaps, it could be more appropriate to reduce the LAG surface to exclude the industrial and urban areas of the LESs of Arezzo and Valdarno Sud.

106. In the LAPs of both provinces there seems to be no preferential actions in favour of protected areas - although most of them are included in the programmes - among which two are very relevant for their respective territories: Maremma and Casentino parks.

107. LEADER Plus could have been closely coordinated with measures “e” - disadvantaged zones -, “m” - commercialisation of quality agricultural products -, “n” - services for rural population -, “o” - rural heritage -, “p” - diversification of agricultural activities -, and “s” - incentives to tourism and handcraft - of the RuDP, so as to give more impulse to the territorial and programme concentration and coherence. The generalised diffusion and distributive bias given to the two main rural programmes indicate traces of a place-based regional strategy that could be marked more clearly. This attitude, on the other hand, can be able to leave more freedom of action to the local policy-makers, under certain conditions. A final judgement on this issue will be possible only after 2006.

3.2.3 Territorial Pacts

108. Since 1999, the Province of Grosseto has started a Territorial Pact – “Pact for the development of Maremma” - whose aims are the following:

- focus on Maremma’s specificities;
- increase technical and scientific innovation;
- strengthen SME systems and networks;
- increase job opportunities;
- investment in infrastructures;
- increase market opportunities outside the province.

The Pact includes 81 investment projects (60 private and 21 public) for a total amount of 240 million.

109. In 2000, Grosseto also instituted the “Territorial Pact for Agriculture” whose objectives are similar to many of those specified in the RuDP and in the LEADER LAP – development of the *filière*, in particular transformation and commercialisation, typical products, infrastructures, integration within the local agro-food industry and between this and other local activities – i.e. tourism and handcrafts. It contains 138 projects (125 private) for a total budget of 46.3 million.

110. In Italy, the Territorial Pacts have historically had an innovative role in the affirmation of the endogenous approach to local development, but in both provinces they risk to overlap with the Community programming – specifically Docup obj. 2, RuDP and LEADER. It could be an option to merge some of the

bottom-up programmes, i.e. Territorial Pacts for Agriculture and LEADER Plus, unless a different strategy is pursued by each of them.

The Territorial Pact of the Central Apennine

111. Since 1999, the Arezzo Province is part to the *Territorial Pact of the Central Apennine*, which includes 89 municipalities, 11 mountain communities, four provinces and three regions, with an extension of 6 278 km² and a population of 335 thousand inhabitants.

112. Despite being the area covered by the Pact richly endowed with a diffuse network of SMEs and with remarkable cultural and natural heritage it suffers from several problems that the Pact was set up to tackle. These include: higher-than-average unemployment rate, depopulation, ageing, emigration, economic dependence on other areas, scarce infrastructure system, under-capitalisation of the local firms, lack of services.

113. The initiative was taken by the Mountain Community of Valtiberina, which in 1995 started to activate other local actors. Inexplicably, for long time, the regional administrations did not take part into the process. In the initial phase, when roles and responsibilities were not set yet, there was an antagonistic attitude between the different administrative tiers. After two years, numerous consultations at the local level, and various uncertainties due to some inconsistencies and overlaps between the national and Community regulation in the field, the action plan was completed around five main axis or goals: 1) development of agriculture; 2) development of tourist activities; 3) support to the local economy; 4) improvement of the quality of life; 5) enhancement of infrastructures. Only in 1999, the public announcements were made and the Pact entered its operating stage.

114. The *Central Appennine* is the only ‘interregional pact’ in Italy and is currently declined into, two thematic pacts: the “Territorial Pact for Employment” and the “Green Territorial Pact” - for agriculture. The former has carried out 113 projects, 99 of which are private, has a budget of 40.6 million and generated about 180 million of investment. The latter, with a budget of 32 million, intends to improve production of quality, transformation and commercialisation of agri-food and zoo-technical industry, diversification of economic activities, protection and improvement of the environment, viable use of forest resources, handcraft, agri-tourism, services to rural population.

115. Procedural difficulties have raised during the whole process of the Pact, in particular, due to the increasing participation and the consequent problem of co-ordination between actors and projects.²⁶

Table 32. Initial participants in the Territorial Pact of the Central Apennine.

	Muni- cipalities	Moun- tain Com.	Pro- vinces	Eco- nomic corporat.	Env- ironm. agencies	No-profit associat.	Banks	Citizens' initiatives	Uni- versity	Chambers of commerce	Agencies of social security
Present in the Pact	√	√	√	√	-	-	√	-	√	√	-

116. At least in the first part of the life-span of the Pact, a strong attitude in favour of infrastructures and industrial investment could be noticed. This was due to the well-organised interests and the strong pressure exerted by the lobbies participating in the Pact, but was also an attitude reflected in the national regulations on the territorial pacts – that originally were designed to replace the abolished special funds for Southern Italy (Cassa del Mezzogiorno). Lighter projects concerning tourism, the environment, social

services were initially disregarded, but the consolidation of the European approach, more favourable to such interventions, and the enlargement to other local partners has re-equilibrated the strategy.

117. With the time, the internal coherence within the actions of the Pact has increased. A restricted co-ordination body was formed and proved to be particularly useful in fostering general coherence of the process which is difficult to achieve when many actors are involved.

118. Once again, many of the actions set out in the Pact have been very similar to those included in the Docup, RuDP and the LEADER LAP, but are placed in a different territorial context. It would be important, as for the Arezzo area, to arrange an adequate co-ordination between these instruments in order to ensure synergy effects and avoid waste of resources.

3.2.4. The Pacts for Local Development (PASLs)

119. The Pact for Local Development (PASL) is a voluntary agreement between Region, local institutions and civil society, with the pivotal role of the provincial administration, in order to define common priorities and strategies as well as co-ordinated programming schemes.

120. In 2003, a memorandum between the Region and Grosseto Province identifying the strategic guidelines was signed. The guidelines focus on support to enterprises, infrastructures, cultural and natural heritage, rural district, public services, human capital, and employment. In 2004, a memorandum between the Region and Arezzo Province was signed as well. The agreed-upon priorities are support to the following: enterprises, infrastructures, urban systems, R&D, industrial districts, territorial marketing.

3.2.5. Docup Objective 2

121. In both the provinces there has been a reduction of measures utilised, in comparison with the regional Docup, and a high concentration of resources in favour of enterprises and investments in infrastructure.

Table 33. Docup payments in 2000-2003 period

	Arezzo				Grosseto			
	Investment	Public	% of total spent	% Public	Investment	Public	% of total spent	% Public
Axis 1 – SME	23,827,028	3,750,280	68.2	15.7	87,071,787	16,561,262	62.7	19.0
Measure 1.1 – Support to investment of industrial enterprises	15,392,984	2,322,920	44.1	15.1	20,460,606	2,390,388	14.7	11.7
Meas. 1.2 – Support to small handcraft and co-operative enterprises	485,000	194,000	1.4	40.0	7,431,164	4,338,392	5.3	58.4
Meas. 1.3 – Financial engineering	-	-	-	-	-	-	-	-
Meas. 1.4 – Immaterial investment	422,432	211,216	1.2	50.0	1,869,668	932,056	1.3	49.9
Meas. 1.5 – Support to investment of tourism and commerce enterprises	7,013,017	856,701	20.1	12.2	53,667,976	7,839,435	38.7	14.6
Meas. 1.6 – Set up of new enterprises	513,596	165,443	1.5	32.1	3,383,847	953,870	2.4	28.2
Meas. 1.7 – Innovation transfer to SMEs	-	-	-	-	-	-	-	-
Meas. 1.8 – Pre-competitive industrial research	-	-	-	-	258,525	107,121	0.2	41.5
Meas. 1.9 – Enterprise promotion	-	-	-	-	-	-	-	-
Axis 2 – Territory	6,012,594	3,848,961	17.2	64.0	22,772,862	12,315,929	16.4	54.1
Meas. 2.1 – Infrastructures for tourism and commerce	2,796,208	1,677,726	8.0	60.0	9,253,363	4,861,973	6.7	52.5
Meas. 2.2 – Infrastructures for culture	1,711,868	1,027,121	4.9	60.0	7,820,198	3,350,364	5.6	42.8
Meas. 2.3 – Infrastructures for transportation	-	-	-	-	-	-	-	-
Meas. 2.4 – Infrastructures for productive sectors	348,958	174,479	1.0	50.0	2,598,201	1,529,174	1.9	58.8
Meas. 2.5 – Social infrastructures	-	-	-	-	530,370	318,222	0.4	60.0
Meas. 2.6 – Infrastructures for training and employment	619,748	433,824	1.8	69.9	291,569	204,098	0.2	70.1

Table 33. Docup payments in 2000-2003 period (continued)

Meas. 2.7 – Territorial marketing	189,677	189,677	0.5	100.0	471,504	471.504	0.3	100.0
Meas. 2.8 – Support to information society	346,134	346,134	1.0	100.0	1,807,657	1,580,594	1.3	87.4
Axis 3 – Environment	5,076,973	2,052,079	14.5	40.4	28,920,173	9,695,930	20.8	33.5
Meas. 3.1 – Optimisation of energetic systems (public)	-	-	-	-	-	-	-	-
Meas. 3.2 – Optimisation of energetic systems (private)	3,008,884	678,538	8.6	22.5	12,695,479	2,604,623	9.1	20.5
Meas. 3.3 – Water cycle	-	-	-	-	-	-	-	-
Meas. 3.4 – Waste disposal (public)	253,064	126,532	0.7	50.0	2,303,002	1,381,801	1.7	60.0
Meas. 3.6 – Land reclamation (public)	394,982	394,982	1.1	100.0	-	-	-	-
Meas. 3.7 – Land reclamation (private)	-	-	-	-	6,258,000	2,197,409	4.5	35.0
Meas. 3.8 – Protected areas and biodiversity	1,032,914	619,748	3.0	60.0	2,821,790	1,693,074	2.0	60.0
Meas. 3.9 – Protection of the soils	387,130	232,278	1.1	60.0	38,938	23,363	0.0	59.9
Meas. 3.10 – Enterprise support for environmental investment	-	-	-	-	4,802,964	1,795,660	3.5	37.4
Total	34,916,595	9,651,319	100.0	27.6	138,764,823	38,573,121	100.0	27.8

Source: IRPET, 2004.

122. There has been a strong concentration in SME support, due to the high relevance of private investment in this axis – although in Arezzo investment for industrial SMEs prevails, whereas in Grosseto investment for tourism and commerce, consistently with the respective economic structures. Both have a ratio public / total investment a bit higher than 0.27, that means that the private resources activated are outstanding.

123. If we consider only the public funds, the distribution changes a lot. In Arezzo - as expected being it a “phasing-out” area - public aid is much lower than in Grosseto and is equally distributed between support to SME and the territory, like at the regional level. In the other province, the first axis still prevails, although the aid distribution is now more equilibrated, and remains different from the regional pattern.

3.2.6. PISL

124. In 2004, the Region approved the PISLs presented by the Grosseto and Arezzo Provinces. The former counts on resources for nearly 21 million and is mainly concentrated on projects in support of infrastructures and enterprises in the tourism and commerce sectors. Arezzo’s PISL encompasses 21 projects for an estimated investment of 4.8 million in favour of transport infrastructures, waste

disposal, tourism, as well as crafts and commerce activities carried out in the Mountain Communities of Casentino, Pratomagno and Valtiberina (where enterprises are particularly small – 2-3 employees each, on average). Both the Plans insist on the importance of transportation infrastructures to be developed both longitudinally and in latitude.²⁷ In fact, infrastructures, and therefore axis 2, take most of the financial resources available. Grosseto was approved with a total score of 81 and Arezzo with 73 on a 0-100 scale.

Table 34. PISLs: public investment allocated by province.

	Amount of projects financed (thousand)	Aid provided	% of aids
Arezzo	4,818.13	2 319.00	48.1
Axis 1	1,579		
Axis 2	2,526		
Axis 3	707,0		
Grosseto	20,862.32	9 053.41	43.4
Axis 1	8,806		
Axis 2	10,704		
Axis 3	1,350		
Tuscany	123,579.35	57 641.64	46.6

3.2.7. Other planning instruments in Arezzo and Grosseto

125. The richness of planning instruments that is present in the Provinces of Arezzo and Grosseto includes several other arrangements that are worth mentioning.

Programming Contract for Agro-industry

126. In Grosseto a Consortium of high food quality of Maremma (A.Q.U.A.M.) has been founded and in 2004 it signed a programming contract with the national Government. With such contract the Consortium committed itself to disburse 12 million in order to foster quality certification systems and to support and integrate valued-added chains (*filiere*) of local quality production of wine, oil, fruit and vegetable in the province.

Development Plans in the Mountain Communities

127. The Regional Law 95/1996 disciplines the mountain areas in Tuscany and the Regional Law 82/2000 identifies the current mountain communities. Pursuant to these laws, the Mountain Communities set up their Development Plans which have midterm time horizon.

128. In Grosseto there are three Mountain Communities – Amiata, Colline Metallifere, Fiora -, as many as in Arezzo – Casentino, Pratomagno, Val Tiberina. Each of them have their own development plan in order to improve the natural environment, hydro-geological lay-out, public services, socio-economic development. The plans are funded by a specific fund – the Mountain Development Fund - and a number of national and regional matching funds together with EU financial instruments (EAGGF, EFRD, ESF, etc.).

Industrial Districts and Local Productive Manufacturing Systems

129. In the Province of Arezzo, the Regional Council Deliberation No. 69/2000 identified three Industrial Districts (IDs): the goldsmith ID in the Arezzo and Valdichiana areas, the textile and clothing ID in the Casentino and Valtiberina, the leather and footwear ID in Valdarno. The above mentioned

Deliberation also identified four Local productive Manufacturing Systems (LPMSs): LES Casentino (cement), LES Val Tiberina (agro-food industry), LESs Val di Chiana and Area Aretina (clothing). The Province founded the “Institution of Industrial Districts” whose aims are exchanging information, strengthening contacts between entrepreneurial groups, lobbying in the institutional circles and promoting policies in favour of IDs and LPMSs.

Rural District

130. The Province of Grosseto, following the regional law of 2004, has set up the Maremma Rural District. The Rural District is not a new administrative body, but rather a co-ordinating body with the aim to attract, and co-ordinate new investment. It is a broad participatory programming instrument between public and private stake-holders that are involved in the local productive system and that achieve stronger bargaining power with respect to issues concerning agriculture, rural tourism, handcraft, small industry.

Local Agenda 21

131. The programme includes the definition of a strategy for sustainable development that implies the set up of a local Forum where citizens take part in the process, a Report on the State of the Environment, and an Environmental Action Plan. There are few LA21 in an advanced state and only in the Grosseto area: one province-wide and the other for the municipality of Grosseto. The municipality has used this participation process and methodology for the preparatory stage of the municipal land use plan. Furthermore, the Mountain Community *Colline Metallifere* has approved the project “Meta 21” whose aim is to apply the local Agenda 21 and the certification schemes EMAS and ISO 14000 to its territorial system. In 2002, Arezzo’s Mountain Communities of Val di Cornia and Casentino received funding from the Region in order to make the initial evaluation for the start-up of the process.

PRUSST

132. In 1998, the Italian Ministry of Infrastructures introduced a new programme aimed at fostering urban and environmental quality named PRUSST. Some municipalities of LES Amiata, in the Grosseto Province, applied for the national funds proposing projects for urban improvement, rural enhancement, tourist development, soil protection, industrial and handcraft development. The overall amount of private and public investment reached 111.7 million.

133. To sum up, the variety of policies, programs and governance arrangements that characterise rural development policy making in Tuscany is impressive. This is the results in a very ‘mature’ model which thus provides numerous lessons for Countries or regions that are pursuing the pattern of integrated rural policy. Some of the principal values and conflicting issues of such a model are discussed in the next section.

PART IV: CRITICAL ISSUES

134. The Provinces of Arezzo and Grosseto are exceptionally interesting cases to study. They exemplify two rather different types of “rurality” that co-exist within the well-known Tuscany region. As we have seen in Part III of this report, the two Provinces possess fairly distinct assets, challenges and development patterns. The former is a good example of a dynamic rural area with rather competitive and diversified economic base and low unemployment, the latter is a typical objective 2 area with relatively low density of population and strong reliance on agriculture. It is precisely based on the recognition of the diversity of rural challenges and potentials that regional and provincial authorities have been seeking actively innovative approaches to rural development policy.

135. In this framework, the challenge in Tuscany is not so much about how to bring about a change of mentality towards a strategic, cross-sectoral approach to rural development. Such an approach is already widely accepted and implemented. The interest of analysing the Tuscan experience resides thus in the opportunity it offers to review values as well as critical issues associated with a very ‘mature’ and advanced model of integrated rural development.

4.1 Successful elements of rural development policy and governance in Tuscany

The ‘Toscan model’: commitment towards integrated rural policy ...

136. In recent years the two Provinces of Arezzo and Grosseto have been the test-bench for a wide range of measures that aim at integrated rural development through a bottom-up participative approach. These experiences must be understood within the overall innovative approach to regional policy that is widely referred to as the ‘Tuscan model’ and in the framework of substantial innovations in regional policy making occurred in Italy since the end of the 90s.²⁸

137. If the whole Italian experience of regional policy has shown particular dynamism, Tuscany’s Regional Government has been one of the forerunners within the Country. In Tuscany many of the principles of ‘new’ rural policy discussed in rhetoric in most OECD Countries have become the pillars of the regional development strategy. Within the Tuscan experience the concept of multi-level governance of cross-sectoral policy making finds practical reality in a number of instruments and in an innovative way of designing policies.

138. Table 36 shows the resources devoted to integrated rural development programmes in the two provinces. It indicates the commitment towards a vision combining agriculture *within* rural development and holding that mobilizing and pooling knowledge of interacting actors is the critical input to rural development.

Table 35. Estimated public budgets by programme in the two provinces.

Type of programmes	Year of activation	Investment (mln.)
Grosseto		
RuDP	1999	20.7
Docup	2001	38.6
Docup – PISL	2004	20.9
LEADER Plus	2002	11.6
Territorial Pact	1999	223
Territorial Pact for Agriculture	2000	46.3
Programme Contract for Agriculture	2004	12
Mountain Development Funds	2000	2.0
PRUSST Amiata	1998	111.7
Total		486.8
Arezzo		
RuDP	1999	16.2
Docup		9.6
Docup - PISL	2004	4.8
LEADER Plus	1996, 1997	11.2*
Territorial Pact for the Employment	1999	40.6
Territorial Pact for Agriculture		32
Mountain Development Funds	2000	1.8
IDs and LPMSs	2001	11.2
Total		133.0

Note: LAG Leader Siena involves 4 municipalities in the Provinces of Arezzo. The budget has been estimated for these municipalities as a ratio to the total municipalities included.

Source: OECD.

...based on an inclusive multi-level governance ‘culture’ ...

139. The Tuscany Region has accepted to move away from a traditional hierarchised system of governance to assume progressively a role of ‘facilitator’ and supervisor of the process of planning and implementation of rural development policy.

140. “Integrated” planning is producing profound transformations in the regional and local bureaucracies and the way sectoral policies were traditionally managed. The new approach involves a more ‘open’ public administration where on the one side hierarchies count less and where private actors and other representatives of the civil society are called to participate in decision making processes. This system generates substantial knowledge-pooling between different tiers of Government and other relevant local actors and produces spaces for innovation in governance mechanisms.

141. An example of this approach is given by the fashion in which the region’s rural development plan and EU measures are implemented. A key choice here has been that of transferring the responsibility for the ‘integration’ of policy *at the local level*. This is done through a process of “contractualisation” of policy making. This process entails moving away from a clear cut distinction between policymakers and policy “receivers” (logic of *spartello*) to a logic of joint planning. The process of involvement of several actors in the definition and implementation of rural development policy is complex and slower in comparison by more “automatic” or sectoral approaches. However, it introduces a number of “conditionalities” in policy design and delivery that are ultimately capable of improving the effectiveness of public investments.

...and advanced integrated planning capacity at all levels.

142. A second key element that defines the Tuscan model and that was observed in both the provinces of Grosseto and Arezzo is an exceptionally strong planning capacity at the regional and local levels. This is the result of a mix of different factors originating both within the private and public spheres. On the one hand, the skills found in regional and provincial officials and their commitment towards advanced strategic planning are exceptional if compared to many other regions in Italy and abroad. The deepness of the debate on governance and its links with local development within the administrations is impressive for external observers and reveals the long standing tradition of local planning and participatory governance. On the other hand, high-level of social and human capital, dynamic local economies, well organised producers associations and unions also contribute to an overall context that is particularly fertile for integrated policymaking.

143. The planning activity in rural areas is undertaken through a wide range of instruments: these have different goals different ways of operating, different actors, different processes. Some – as the development plan for mountain, rural district and PASL – are purely planning instruments without funding attached while others have finance-cum-planning purposes. Some require the constitution of *ad hoc* governance organizations while others rely on existing institutions. Origin and purpose also varies; some are linked to EU structural funds others to national programs and others to regional programs, some address multisectoral needs with a territorial logic while others are oriented to the needs of specific sectors (farmers, fishermen, tourist operators, and the environment).

144. The case study allowed for a classification of the many different procedures characterising the functioning of the funded programmes. These offer examples of different forms that can be adopted to structure dialogues across and within levels of government and with other social actors. As shown in Table 37, *three categories* emerge based on the mechanism of assignment of resources: *automatic repartition*, selection of projects presented through *public announcement*, *negotiation* between stake-holders. The most recent programmes tend to use the negotiation mechanism more frequently (see Table 37).

Table 36. Rural development programmes by resources assignment mechanisms in the two provinces.

	Arezzo			Grosseto		
	Automatic	Announcement	Negotiation	Automatic	Announcement	Negotiation
Docup 2000-2006			X			X
RDP 2000-2006			X			X
LEADER Plus			X			X
Provincial Local Development Plan 2001-04			X			
Territorial Pact		X			X	
Territorial Pact for Agriculture		X			X	
Programming Contract					X	
Agenda21					X	
Development Plan for the mountain	X			X		
PRUSST					X	
Industrial Districts	X					
Rural District						X
PASL			X			X
PISL			X			X

* LAG LEADER Siena involves 4 municipalities in the province of Arezzo. The budget has been estimated for these municipalities as a ratio to the total municipalities included.

Source: adapted from IRPET, 2004.

145. The value of the Tuscan model doesn't reside exclusively in the institutional capacity to innovate and plan strategically and in an integrated fashion. The overall context is characterised by an advanced integration of economic actors in many territories. This represents a key strength of the context in which rural policy operates in Tuscany. Private actors, be them entrepreneurs, association or large enterprises already act in an integrated fashion. An example is represented by the integration between the agriculture and tourism sectors where economic actors interact and develop a wide supply of products and services under the regional brand or within the agriculture sector between different branches (or *filières*). There is thus a "demand" for cross-sectoral rural policy. In this context public authorities have limited difficulties to introduce the concept and value of integration to local actors (like it is often the case for instance in Southern Italian Regions).

4.2 Critical issues: complexity and coherence in the Tuscan model

146. As we have illustrated in the previous section the model of rural development observed in the two Provinces is characterised by several successful elements. However, it is also useful to reflect upon factors that are emerging as key challenges for its functioning and effectiveness. The main critical issues to be considered have to do with the problems that arise at this stage in terms of: 1) Co-ordination of the many planning instruments and actors involved; 2) accountability and representativeness of such instruments; 3) administrative and planning capacity of participating actors and 4) effectiveness of concerted action ('*concertazione*').

Proliferation of planning instruments and overcrowded institutional settings

147. Rural development policy in the areas object of this case study involves a complex set of actors and instruments. In the same provincial territories several different integrated programmes are at work. Within each of them a number of actors from both the public and the private sectors (Region, Provinces, Municipalities, Pacts, LAGs etc.) are involved, sometime as mere participants sometime assuming a more prominent co-ordination role. Table 38 summarises the main elements of a complex picture. This complexity raises the issue of overlapping and of the risks of reaching an overcrowded, sub-optimal governance framework.

Table 37. Programmes, strategic actors (X) and actors involved (x) in the two provinces.

	Arezzo					Grosseto				
	EU	Central Gov	Region	Province	Local actors	EU	Central Gov	Region	Province	Local actors
Docup 2000-2006	X		x			X		x		
RDP 2000-2006	X		x	x		X		x	x	
LEADER Plus	X		x	x	x	X				
Provincial Local Development Plan 2001-04			X	x						
Territorial Pact	x	X	x	x	x		X	x	x	
Territorial Pact for Agriculture		X	x	x	x		X	x	x	
Programming Contract							X			x
Agenda21							X			x
Development Plan for the mountain	x	x	X	x	x	x	x	X	x	x
PRUSST							X			x
Industrial Districts			X	x						
Rural District								X	x	
PASL			X	x				X	x	
PISL	X		x	x		X		x	x	

148. *Firstly*, complexity raises the issue of overall co-ordination and how to maintain strategic focus and outcome oriented approach within a plethora of planning instruments and instances. As a matter of fact, the variety and complexity of the programmes and their intertwining is so much that it is difficult to assess the level of interactions between different actors and to what extent such instruments are integrated so as to guarantee the optimal allocation of the resources with respect to the objectives set out by the different institutions involved. In Tuscany, it is striking for instance that the PRS does not mention the other instruments. While it is appropriate to keep the PRS highly general in its layout, more co-ordination with the main cross-sectoral programming instruments would be expected.

149. If complexity *per se* cannot be considered as a problem, a key issue is whether a plurality of instruments and hence a much diversified institutional offer from which planning actors can choose is a good or a bad thing. It is reasonable to consider a diversified offer as an advantage: the integrated planning process would establish the objectives, priorities, intervention axes, and global programs for the territory, and then choose the funding and specific intervention sources from the existing diversified offer. However, the plurality of specialized instruments can generate a number of problems. The same applies to the need for more co-ordination of sectoral policies.

150. There is a sense that the co-ordinating role assigned to Provinces has only partially managed to solve this programme and provide an answer to these challenges. A stronger Province is needed in this sense to increase co-ordination of actors and programs. Similarly, a strong role of the Region is also required to provide more and better co-ordination *at large*. These two key instances should not have more power in the definition and management of specific instruments but their capacity should be enhanced in order for them to provide the overall strategic orientation that only an upper level of government can accomplish. Action in this direction would avoid the risk of falling into an excessive focus on short-term, instruments-based approaches and losing the strategic picture with which individual initiatives should be understood.

151. For instance, the management of RuDP and LEADER programmes is up to the regional agricultural council, whereas that of Docup is up to the regional planning council. This may generate overlapping and lack of co-ordination between the different administrations. Currently it is not clear to what extent the Technical Planning Committee, the regional information system and the statistical programme are capable of ensuring efficient co-ordination among different programming instruments. A more systematic integration of RuDP, Docup, and LEADER at the regional level, on the one hand, and that of PASL, PISL, PLSR, Territorial Pacts and Rural Districts, at the provincial and inter-municipal level, on the other, would ensure a more effective allocation of resources for rural areas. But these considerations, once again, involve EU-level policy reformulation.

152. *Secondly*, the plurality of specialized instruments could become a source of inequality. Richer territories with a more diversified set of activities may have at their disposal more instruments, and hence more investment resources, than poorer territories with less diversified activities. Similarly, different instruments are likely to have different strengths, with unfavourable consequences to the regions most dependent on activities supported by comparatively weak instruments. Finally, plurality of funding instruments is different from plurality of planning instruments. The former seems more legitimate than the latter, unless this responds to a clear hierarchical or functional structure within a systemic planning system, which did not seem to be the case in the provinces visited.

153. *Thirdly*, a large number of partnership-based rural development instruments can generate problems of 'partnership fatigue' and given the often small pool of people available in rural areas could often lead to over-commitment and overwork. Similarly, a confusion for the public as to which actor and/or instruments deal with what issue could also become an issue.

154. In order to tackle the above mentioned challenges linked to the complexity of the system in place, action is needed to 1) assess the specific value and efficacy of each instrument and 2) to assess the overall coherence and level of integration and interaction of such instruments. Few of the instruments discussed to have a developed effective monitoring and evaluation systems with the technical paraphernalia of outcome and impact indicators, base line, verifiers, etc. This seems to be a major shortcoming of the integrated territorial planning approach practiced in Tuscany. Given the dynamism of policy experimentation it is necessary to know more about what works and what doesn't on the basis of a more rigorous methodology. This is not just a need for Tuscan authorities but it would be a welcome progress by all international policymakers that are observing with great interest this policy laboratory and that need to be shown well documented results of the approach adopted.

155. Particular emphasis in both analyses indicated above should be placed on two closely related factors. On the one hand, the transaction costs that are involved by the implementation of a very wide range of instruments should be deeply assessed. On the other side, the additionality (that is the capacity to generate positive results that would not have been reached otherwise) of each of such instruments should be considered. For instance it would be useful to undertake a rigorous evaluation of the actual usefulness of instruments such as the *rural districts* whose purpose is not clear. This would allow a better appreciation of as to what direction to take in the future be it a reduction of the number of planning instruments or a more deep understanding of their potential and capacity to exploit synergies.

Accountability and representativeness

156. The case study has highlighted a framework where more and more importance is assumed by plethora of bodies that are not elected but rather the result of more or less informal partnership formation processes. It seems important to reflect upon the effective correspondence of each of these instances of *concertazione* with a specific task or project otherwise their value added and justification could be debatable.

157. In this context the issues of the democratic accountability and representativeness of the actors involved become key. Concerted action doesn't imply necessarily public consultation. On the contrary, it has been observed that the capacity of partnerships to actually represent overall interests can be limited under two points of view. On the one side the choice to give a stronger role to planning at the Provincial level can limit the capacity of local interests groups to be represented. On the other side, problems may reside also in the 'nature' of partnerships members that often tend to be more representatives of 'organised' interests and limit that the proper relevance is given to more 'diffused' interests. The sectoral agricultural interests for instance have strong well-organised power base at all institutional levels. The same is not true for wider 'rural' interests, which are by definition heterogeneous and do not have a clear political identity.

158. The tension between the necessity of having an as inclusive as possible partnerships but at the same time of being able to 'govern' planning doesn't have a one-size-fits-all solution. However, it would be helpful to set up a more rigorous mapping and monitoring of the role and responsibilities of participating actors.

159. Another matter relevant to the overall debate on the accountability and representativeness of different bodies concerns the continuity of ad hoc governance instruments. This concerns for instance the continuity of governance in organizations which, like the GAL, are created as a result of specific instruments with functions related to the application of those instruments. The question arises of what happens to these organizations once these instruments come to their natural end: should they continue or should they disappear along with the instruments that created them. It doesn't seem to be appropriate to keep these organizations alive with public funding; rather they should continue to operate if they can support themselves, for being self-supporting would be an implicit test of their usefulness. This view

should however be held flexibly and not dogmatically, because there may be situation where keeping the organizations alive through public financing may be the best option. This would be for instance the case when the particular organization provides public goods to the territory, in the form for instance of important 'governance services', which go beyond the functions related to the instrument with which it was created. In any case, the issue should be addressed systematically as a part of the much needed evaluation of the usefulness of the each individual instrument.

Administrative and planning asymmetries

160. Two other key issues concern 1) the planning capacity of local actors in a context that calls for more and more strategic skills and less traditional administrative ones, and 2) the problem of how to cope with differences between strong and weak local actors.

161. *As to the first issue*, on the one hand the level of skills in terms of planning and integrated policy making in the region and provinces is remarkable. The provincial staff interviewed during the study missions were not only knowledgeable of integrated territorial planning and of high intellectual calibre but also very motivated and with a clear sense of mission (the kind of officials capable of building the type of public-private synergy demanded by Peter Evans and Judith Tendler). The provincial and lower level public and private institutions interviewed were equally impressive.

162. On the other hand, with the progressive introduction of more complex and innovative policy-making mechanisms there is considerable learning to take place on the part of government officials. There is much to be learned about how to proceed to public management reforms to meet the new challenges raised by integrated planning. It is however generally agreed that relevant investment in training is necessary for officials, even at senior levels of government, in order to develop the appropriate governance skills and avoid the bureaucratic traditions that can be destructive of effective coordination in this context.

163. A second issue relates to capacity across the territory. Where local organisations are weak they often prove unable to carry out the roles devolved to them through collaborative governance. They fall back on free-riding, adversarial and rent-seeking practices. This is particularly difficult in the moment of institutionalisation, when their tenuous co-operation sometimes break apart given conflict over the distribution of resources. However, new organisations seldom have the organisational wherewithal to participate extensively in the new institutions of collaborative governance. Organisations with the most developed collective capacities, such as provinces, mountain communities and corporate organisations, are likely to be strong in both adversarial and collaborative fora and be determinant for the positive or negative outcome of the process. If on the one hand the Tuscan experience shows that these are problems that can be solved in the evolution of the model and that many groups that are originally excluded can be brought to engage productively in collaborative governance institutions. On the other hand, if not properly tackled the increasing importance of concerted action can become a source of exclusion of relevant social parts.

'Concertazione' : good or bad?

164. Discussing about rural development in Tuscany is discussing about concerted action or '*concertazione*'. *Concertazione* refers to the process of discussion among public and private actors geared towards the joint definition of a strategic view of the territory and of ways to exploit its resources. According to Regional Law 49 of 1999: Planning objectives and strategies are defined through in agreement (through '*concertazione*') with local authorities and other representatives of local communities. Tuscany Region has *de facto* elected *concertazione* as the guiding principle that to identify its strategic policy objectives and define means for achieving them.

165. The extensive use of concerted action has sparked a lively debate about the efficacy of this practice to improve the quality of the decisions taken by different actors on the territory and to foster the actual effectiveness of public spending. Some seem to argue that every decision that comes from a *concertazione* is good *per se*. This has been a mistake that have often characterized the implementation of territorial pacts in Italy where the actual level of competition between territories to get funds was very low therefore inducing to negative behaviors of local actors that thus tended to developing any kind of project, strategic or not, with sole purpose of obtaining some financing. In Tuscany in the application of the PISLs has provided a tes-bench for the identification of a compromise between the need ‘to let go’ concerted action and that of framing it and controlling its effectiveness. The Tuscany Region guarantees the funding of at least 1 PISL per Province and then assigns additional resources with more selective criteria. This aims at introducing 2 fundamental principles: a) ‘first the projects and then the money’ which runs contrary to the demand from local authority to know in advance the resources that are available; and b) projects resulting from *concertazione* can and should be to some extent evaluated by an upper level of government.

166. In all cases *concertazione* in the two Provinces analyzed seemed to run relatively smoothly when it is geared towards the definition of overall strategies, additional difficulties are encountered when it comes to selecting projects and deciding concrete investments.

4.3. Concluding remarks: value and replicability of the Tuscan model of rural development

167. Tuscany has made of what is elsewhere just an experiment or an objective its mainstream policy. Innovative and flexible partnership-based governance is sought actively in order to design and implement integrated rural policy. The Tuscan model provides an example of ‘how things could be’ if a more decided impulse to integrated rural policy was applied throughout the EU and other Countries of the OECD.

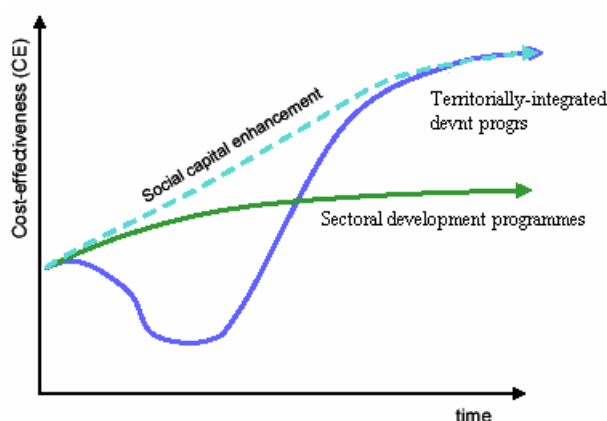
168. Within the current discussion over the future of agriculture and of rural policy in OECD Countries the opponents of a ‘Tuscany-like model’ often compare its efficacy to that of automatic financing mechanisms such as most of CAP measures or incentives to promote organization innovation (the Italian Law 488 of 1992) or employment creation (*credito d'imposta*). This view seems to miss the actual defining characteristics and values of integrated rural policy.

169. The Tuscan case allows identifying some key points for this debate:

1. Integrated policy-making is a complex process and requires time to achieve results that are often difficult to measure quantitatively as shown in the case study. There are tangible and intangible results that should be considered. The Tuscan case shows that the creation of social capital (‘capitale relazionale’) should not be undervalued. Critics of integrated participatory approaches underestimate the value of social capital creation as a key factor for structural development and increase of productivity in local production systems.²⁹ For this reason models strongly oriented towards bottom-up participatory approaches are often described as ‘less efficient’ while they should be considered simply as ‘more difficult’. An important value added of integrated, bottom-up policy making is largely that of operating under shared, agreed upon rules (from the EU structural funds); the coherence and integration of measures within regional planning. All this produces high level of conditionality and submits the use of resources to a number of filters and criteria that operate a selection among available policy options.
2. Innovations in the context do not produce immediate economic impacts and thus their efficacy is difficult to evaluate. Moreover, cross-sectional approaches have often multiplicative effects that are difficult to quantify. Small-budget programmes have often triggered the efficient allocation of resources and search for new sources of funding, as did the LEADER programmes in Arezzo and Grosseto, sparking off, in this way, multiplicative effects.

170. This case study highlights two important issues. On the one side criticisms based on the limits to quantitatively assess the impact of integrated rural policy are weak. On the other hand, however, action is needed within policy design and implementation of rural policy to 1) introduce a change of culture towards the recognition of the importance to evaluate this kind of approaches in the long term (see Figure 14); and 2) to develop and implement sets of indicators capable of capturing as much as possible impacts (such as contextual, both hard and soft, indicators).³⁰

Figure 14. Possible cost-effectiveness trends according to the types of programmes.



1. Critics of bottom-up cross-sectional approaches to rural policy argue that successful experiences are limited to places with high level of social capital. There is no straightforward answer to the question of whether the Tuscany experience of integrated territorial planning is replicable in other rural areas. It depends, first of all, if we refer to areas that are in OECD or in developing countries, within the OECD, if they are or not part of the EU and benefit therefore from the type of support programs enjoyed by Tuscany, and, if affirmative, whether they are Objective 1 or Objective 2. If it is true that the new programming is more easily developed in territories with favourable social and institutional environment, as in the case of Tuscany, it is also true that the methodological innovation induced by the place-based co-operative governance can be applied and evidently adjusted potentially to any place. Programmes like PISL, LEADER and Territorial Pacts in Tuscany have been important to the extent they spread knowledge, models of best practices, nourished the debate within local and wider epistemic communities. New local institutions such as the LAGs can be regarded as producers of contextual knowledge rooted in the local context. In this process of knowledge creation, the regional, national and European administration act as Schumpeterian “social innovators” or “social entrepreneurs”. They play the important role of providing guidelines, technical support, evaluation and monitoring services, and promoting innovative attitudes; in brief: they provide codified knowledge.

171. The Tuscan *new programming* is first a ‘method’ rather than being a new source of funds. Such method can be progressively absorbed, though at different paces, in virtually every the social and institutional environment. Once the density and connectivity within and between local networks increase, and once such networks are increasingly socially non-exclusive and co-operative, then ‘new territorial governance’ becomes an effective tool for endogenously-determined economic development.

1. A key lesson of the Tuscany experience regards the importance of *political support* to integrate rural policy. Compared to a top down allocation of the public resources available for local investment and to sectoral *concertazione*, integrated territorial planning is a difficult and time consuming process which needs determination and political support. Three favourable conditions concur in Tuscany. There is first the framework of the EU structural funds, which opens up spaces for integrated planning approach. Second, there is the backing that this approach has received and still receives from the Italian Ministry of Finance, which was the one to originally promote it, often with the resistance of local authorities, who saw their capacity for discretionary allocation and hence clientelistic use of resources decrease. Finally, regional and local authorities --the *Regione* and the *Province*-- seem to have enthusiastically embraced the approach.

172. The Tuscan case shows strong political support towards creating settings in which local knowledge, largely dispersed across different agents is shared and combined with other knowledge in order to suggest and guide strategies for rural competitive advantage. Tuscany has bet on increased resort to 'governance' vs. government and the recognition that the diversity and increasingly complex set of challenges and opportunities of rural areas make it more and more difficult for the traditional hierarchy and bureaucracy of the state to act effectively.

173. In conclusion, the case of Tuscany provides elements to understand the quality and challenges of an advanced application of integrated rural policy. By doing so it highlights the distance that is emerging between some regions that are reacting to a fast changing global scenario and a rather sterile debate at the EU level, largely locked in by the contraposition between advocates of innovation and of sectoral, interests.

NOTES

¹ In the meantime, new E.U.-recognised schemes, such as the Denomination of Protected Origin (DPO), PGI and CSC, were created and were able to confer collective property rights to the local communities for specific products strictly linked to the territory..

² The overall European funding available for the second pillar is about 46 billion (1999 prices) – of which about 32.9 billion are drawn from the EAGGF (equal to less than 5% of the EU overall budget and to about 10% of the EU expenditure for agriculture) - against about 275 billion for the first pillar – amounting to 40% of the total EU expenditure - and more than 220 billion for the structural funds – 32% of the EU budget. Within the total funds earmarked for rural development, 8,792.2 million are for Italy - of which 7.77 billion EAGGF funds - and 342 million only for Tuscany. Besides these financial sources, national and regional funds participate substantively in support of the multi-sectoral rural development programmes. In fact, the overall budget for Italy and Tuscany are about 14.3 billion and 787 million, respectively.

³ 5.2% of total funds for the EU-15, 7.2% for Italy - compared to the ones directed to modernisation of production systems - 21.1% for the EU-15, 25.2% for Italy. Within the environment category - 61.2% for the EU-15, 64.0 for Italy -, the agri-environmental measures, many of which are supports to innovate farms, are very relevant - 30.1 for the EU-15, 43.4 for Italy.

⁴ Some coordination problems between the Region and the provinces aroused because the regional PIT entered into force in 2000, later than some provincial PTCs.

⁵ The Province of Grosseto, for instance, during the process of reform of its plan organised various consultations with the local stakeholders.

⁶ The main drawbacks of the R.L. 41/98 can be summarised as follows:
bias towards “fast spending” attitude (ready-to-finance projects packages) rather than more comprehensive participative and inclusive methodology;
poor inter-institutional concertation (between the Region and the local administrations as well as between large and small municipalities);
frequent prevalence of bargaining mentality over comprehensive and shared strategy;
provincial instead of sub-provincial scale;
doubts on the real representative capacities of many private and “semi-public” participants;
poor technical preparation of the provincial administrative officers in charge;
short timing for the programming (in particular annual public announcements rather than an open-calendar-based programming).
Up to 2004, a total number of 193 investment projects for an overall amount of 21,347,741 were funded by means of this programming instrument.

⁷ The Province of Arezzo is considered as a successful example of the effective participation and implementation of the Sustainable Development Local Plans disciplined by the R.L.41/98.

⁸ From a geographic standpoint, a local system can be identified on the basis of the specific combination of the economic structure, the residential structure, the natural environment and the cultural/knowledge structure. It follows that, evidently, the identification of a local system is strongly affected by the methodology and the tools used. One of the easiest ways to identify and measure possible local systems is the travel-to-work method (Coombes, Green, and Openshaw, 1986). This is a proxy that measures the number of commuters within an area and should be indicative of the underlying relations between space and socio-economic organisation.

⁹ In his PhD thesis on the “Maremma Rural District” Carlo Cecchi writes: “the province of Grosseto should be considered as a single rural system [...] each LES has a contextual knowledge that does not differ from

the one of the other LESs". C.Cecchi, *Rural Development and Local Systems. The case of "Maremma Rural District"*, PhD thesis, University of Wales, 2001.

10 The rural district include as various economic activities as agriculture, tourism, commerce, services, crafts. It therefore is centred on a broader concept of interdependencies than the traditional ID. Perhaps, it could be semantically more appropriate the term local territorial system.

11 The ROP obj. 3 has a total financial endowment of 663.4 million, 75.5% of which in non-objective 2 areas.

12 The only PPI currently ongoing is the one on the regional fashion system. Activated in 2003 and with a budget of 150 million.

13 The insertion of thematic priorities seems very appropriate in wide and heterogeneous areas like Tuscany's provinces.

14 As a comparison, the integrated approach pursued by objective 1 regions is achieved by means of the integrated territorial projects (PITs) and the rural areas integrated projects (PIARs). The PITs and PIARs are inter-municipal (or provincial) participated projects that revolve around sectoral issues that are considered strategic for the regional development and have a strong territorial attachment. The drawback that many PITs present is that they are strongly institutionalised. A further move towards a real public-private partnership could make them a decisive instrument of the place-based governance like the Territorial Pacts.

15 Measure "f" contains five specific actions, but the bulk of the funds of the current programme goes to action 1 - support to organic farming. Action 2 - support to integrated agriculture – was strongly funded during the previous programming period.

16 This measure has undergone a substantial reduction and further marginalisation in the regional rural strategy in comparison with the original RuDP approved in the year 2000, when it was assigned 140.6 million – almost 50% more than the present amount.

17 This is probably due to the fact that the outline of such areas was terminated in 2000, one year after the RuDPs.

18 In the RuDP of the Region of Abruzzo measure "n" - basic services for the rural population - is applied exclusively to the areas where the LEADER programme is implemented, creating in such way a synergy effect between the two programming instruments. Liguria gives priority to the forestal measures applied in park areas; Piedmont, Emilia Romagna and Veneto use measure "f" - agro-environment - primarily in protected areas, SIC and ZPS.

19 It can be noted the remarkable extent of the difference between the private participation in the Docup and that in the RuDP.

20 The Region of Friuli Venezia Giulia completely delegates the management of some measures of the RuDP to other organisms. For instance, measure "e" is managed by the mountain communities.

21 Indicators used included: improvement of working conditions, improvement of productive structures, introduction of environment-friendly technologies, reduction of farmers' age, increase in women's participation, use of quality labels, increase in commodity values, forest stewardship, etc.

22 The certification of typical products has been growing over the last decade in Tuscany, also thanks to the favourable EU policy. The most important certifications are DOC, DOCG and IGT as for wines; and DOP and IGP as for other products. However, problems still affect the sector, due to the limited or discontinuous quantities available, fragmentation of the producers, hardly accessible areas

23 Brunori and Rossi (2000) point out the importance of synergies, complementarities, networks, and economies of scale at work in the “wine route” project. According to them, participation in the project increased value added for wine, oil and agri-tourism farms by 30% to 40%. Estimates on the extension of the participation of not yet adhered farms range the potential impact of the wine route between 5.5 million and 11 million. Projects like this imply a shift from quantity to quality and from cost reduction strategy to one of increasing value.

24 As far as the monitoring phase is concerned, the mid-term assessment of 2003 judged the regional monitoring system seriously affected by the inadequacy of the data at disposal and the low level of coordination with the information system of the payment authority ARTEA. This aspect is important in a system like the one in Tuscany that has increased in complexity with the institution of the PLSRs.

25 In Italy this third axis is under the responsibility of the Ministry of Agriculture.

26 In the end, the Pact counted about sixty public and private participants.

27 The programming strategies of the two provinces have, among others, the aim of developing the respective airport infrastructures. In the case of Arezzo, considered its closeness to Florence, it could result in a waste of resources.

28 See OECD (2001) Territorial Reviews: Italy.

29 (see Castaldo 2002; Brunetta, Tronti 1996).

30 See Barca, Brezzi, Terribile, Utili (2004).

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