

Sustainable agricultural and rural development in the Mediterranean

***Public expenditures, strategic choices and
sustainability criteria
National study Italy***

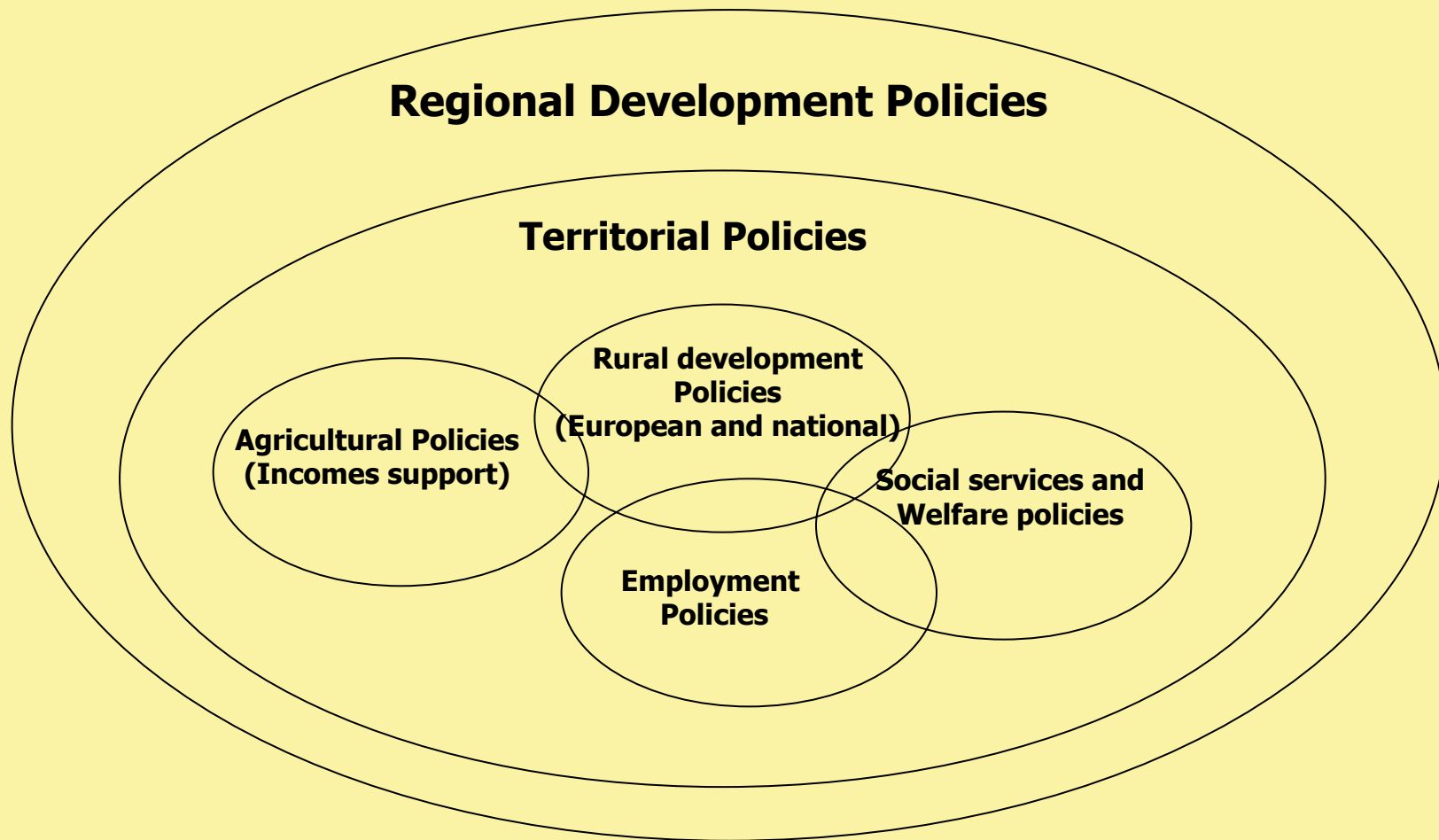
**Francesco Mantino
(INEA, National Rural Network)**

Bari, 8 May 2008

Which is the Italian rural development policy? It is a policy :

- a) derived from the EU framework and strategy;
- b) counts for 16-17% of the EU global expenses for Italian agriculture;
- c) totally devolved to regions and autonomous provinces (21 administrative units \longrightarrow 21 rural development plans);
- d) Focused on three main priorities:
 - agricultural competitiveness;
 - enhancement of environment;
 - diversification of rural economies and quality of life

Main relations between policies which have impact on rural areas in Italy



Where the Italian rural development policy is going?

a) Very different strategies among regions;

b) 2000-2006 period:

- two strategies, competitiveness and environment;
- two territorial differences: Southern vs Centre-North

c) 2007-2013 period:

- more balanced mix of competitiveness and environment;
- more funds to diversification, quality of life and LEADER approach

Place-based and bottom-up approaches to RD in Italy:

- a) they focus upon innovation/laboratory approach;
- b) Strong roots in local territories;
- c) they integrate different policy instruments and cover the needs of different sectors;
- d) they involve local actors through formal (more frequent) or informal partnerships;
- e) they manage funds in a de-centralized system.

Key aspects of local integrated approaches	LEADER	Integrated Territorial Projects	Territorial Pacts
Area-based	Small sizes (between 10.000 and 100.000 inhabitants); territories defined at local level	Intermediate size (between 100.000 and 300.000 inhabitants); territories defined both at regional level and at local level	Large size (up to 800.000 inhabitants and 30 municipalities); territories defined at local level
Different policy instruments/sectors	Particularly "soft" measures (small investments in agriculture, tourism, traditional craft industries, services to population, etc.)	Measures supporting private investments, public infrastructures and social services. Usually the former prevails upon the latter.	Measures of public investments in infrastructures strongly related (functional) to incentives to private firms (tourism, manufactory industries, agro-industry, services, etc.)

Key aspects of local integrated approaches	LEADER	Integrated Territorial Projects	Territorial Pacts
Partnership	Public and private; formally constituted; strong sector orientation; technical and administrative support by internal structure	Public and mixed (public/private); technical and administrative support by the Management Unit and the Project Manager	Public and private; formally constituted; technical and administrative support by the Pact Agency
Decentralised implementation	Funds managed by local partnerships; in itinere and ex-post controls by regional administrations	Only collection of applications and technical support is decentralised. Approval and financing is in charge of regional administrations.	Funds managed the local level, but projects selected by banks; controls by national administrations
Financial resources	Small scale: 4-5 million €	Intermediate/Large scale.	Large scale: 50 million €

Four main types of effects of place-based and integrated rural development policies:

- a) Creation of employment;
- b) Effects on private investments;
- c) Effects on the local governance and the effectiveness of policies;
- d) Other effects

Table 2 – Employment effects of Territorial Pacts in Italy

<i>Typology of Pacts</i>	<i>Index of employment creation¹</i>	<i>New labour units per 100 initial labour units²</i>
Industrial Pacts	2,4	58,4
Mixed Pacts	1,4	219,4
Agro-tourist Pacts	1,9	166,3
Total	2,1	78,8

¹Number of new labour units per 100.000 € of public expenditures

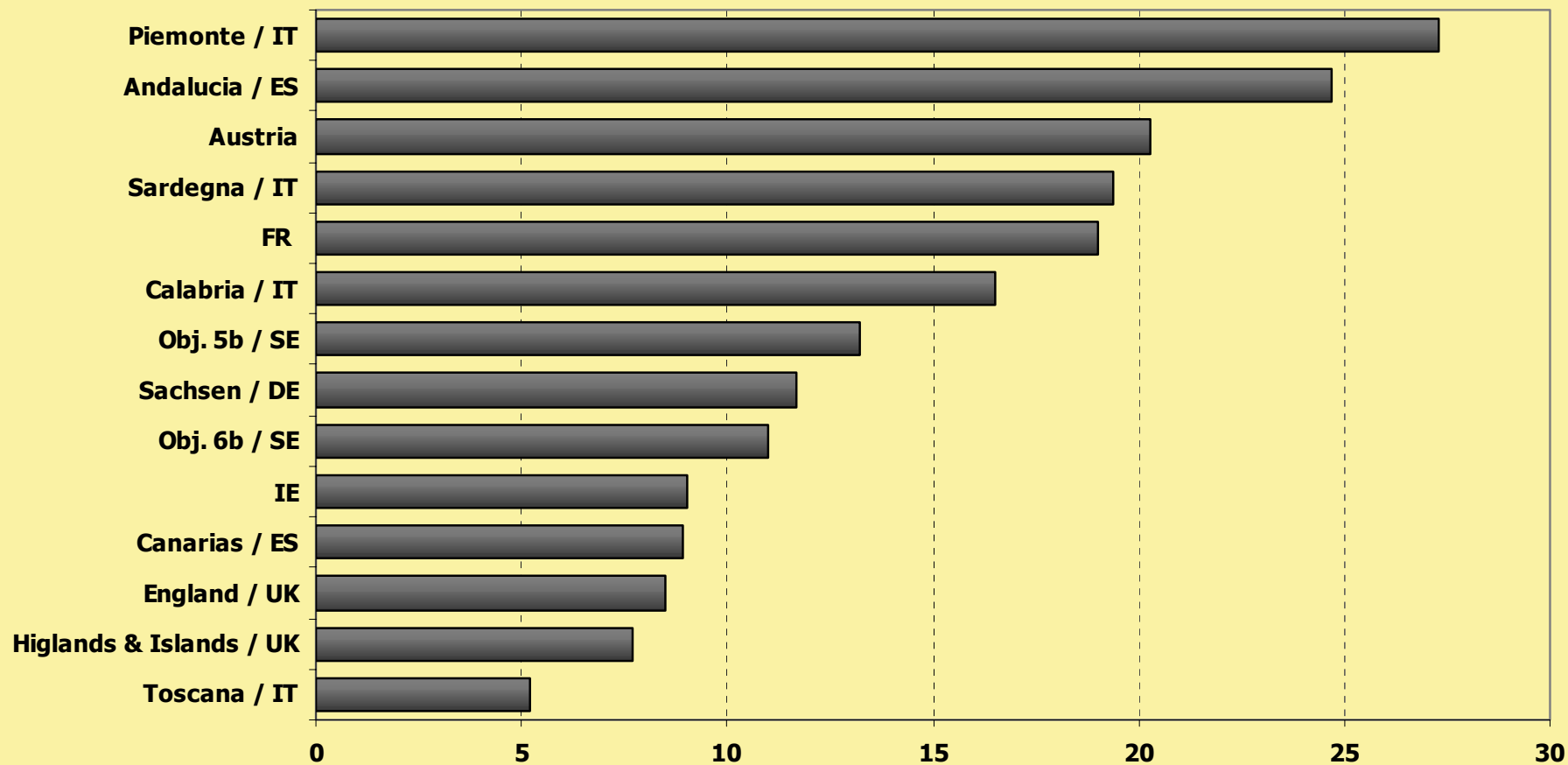
² Calculated on a sample of 15 Territorial Pacts

Table 3 – Effects on private investments of Territorial Pacts in Italy

Typology of Pacts	Index of creation of private investments¹	% new plants of the total private financed investments
Industrial Pacts	1,4	38,6
Mixed Pacts	0,4	44,4
Agro-tourist Pacts	2,4	59,1
Total	1,4	44,7

1 Ratio between private investments and public expenditures.

Leader II - Expenditures for the quality of local products (% of total expenditures)



The most relevant factors of success

1. The characteristics of the territory
2. The design of the strategy
3. The quality of the project leadership
4. The vertical governance (EU, State and Region)

The characteristics of the territory

- Social and economic variables weak explanations of the different performances
- The role of territorial size

The design of the strategy

- Baseline analysis of the context, its potentialities and needs
- Realistic objectives, priorities

The quality of the project leadership

- One of the most important factor of success
- Presence of local institutions/presence of strong local leaders
- These leaders usually act as “social entrepreneurs”

The vertical governance (EU, State and Region)

- Condition of external efficiency for the integrated projects
- Complementarities between different sector administrations

Some implications for Mediterranean strategy

- Some part of legal framework and instruments designed for the EU rural policy to be transferred in the developing countries;
- But institutional specificities of Mediterranean developing countries to be taken into account
- Territorial, integrated and bottom up approach in Italy has produced several effects ;
- these effects were not uniformly distributed across regional territories and largely depend on the regional and local governance;

Some implications for Mediterranean strategy

- more decentralized models in the developing Mediterranean countries requires relevant, continuous and well targeted investments in strengthening governance models and capability of project design at the level of local communities .;
- The tool box of the EU policy counts currently more than thirty different instruments. A deep reflection of the results and the transferability of this experience should be extremely useful for the developing Mediterranean countries.