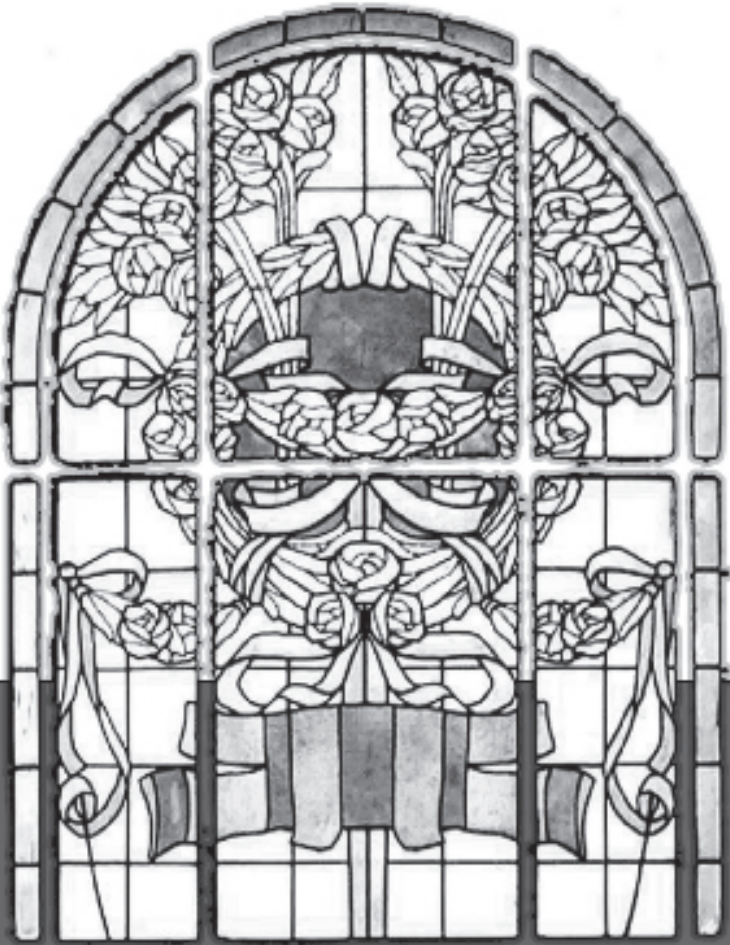


MATERIALI UVVAI

Analisi e studi

Documenti

Metodi



Issue 31 - Year 2014

**A STRATEGY FOR INNER AREAS IN
ITALY: DEFINITION, OBJECTIVES,
TOOLS AND GOVERNANCE**

The Public Investment Evaluation Unit (UVAL) provides technical support to government bodies by preparing and disseminating methods for evaluating public investment programmes and projects before, during and after the projects themselves, in part to optimise the use of EU Structural Funds. The Unit is part of the network of central and regional evaluation teams.

UVAL was set up in its current form in 1998 as part of the reorganisation of development promotion functions previously assigned to the Ministry for Economy and Finance. It reports to the Head of Department for Development and Economic Cohesion of the Ministry for Economic Development, to which it was transferred by Prime Ministerial Decree on 28th June 2007, as published in Issue 218 of the *Gazzetta Ufficiale* of 19th September 2007.

The Unit currently reports to the Prime Minister within the framework of cohesion policy, as per article 7, para 26, of Decree Law No. 78 of 31st May 2010 (see *Gazzetta Ufficiale* Issue 176 of 30th July 2010) and Decree Law No. 101 of 31st August 2013, converted with amendments into Law No. 125 of 30th October 2013 (see *Gazzetta Ufficiale* Issue 255 of 30th October 2013).

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**A strategy for Inner Areas in Italy:
Definition, objectives, tools and governance**

Abstract

The Italian territory is characterised by a polycentric system, with towns, rural areas and municipalities linked by a solid network of relations, and larger towns and cities, which attract people because of their wealth of public services. Access to essential services such as education, mobility and healthcare is crucial to guarantee an adequate level of citizenship among inner areas' inhabitants. The more remote rural areas, historically deprived of many of these services, have gone through a lengthy and steady period of abandonment in favour of urban areas, with high social costs in terms of hydro-geological instability, decay and soil consumption. This fall in population has been matched by a decline in personal services. These areas, however, contain much untapped natural and human capital, seen as strategic for the recovery and growth of Italy's economic system. Interventions targeted to safeguard, rehabilitate and revitalise inner territorial areas have been thus deemed necessary to overcome the urban/rural dichotomy and put a new perspective on the concept of service accessibility. 'Inner Areas' are defined as territories substantially far from centres offering essential services and thus characterized by depopulation and degrade. Demographic trends, access to healthcare and adequate education provision are just some of the essential criteria to define and classify Inner Areas. These areas currently cover approximately 60 per cent of the Italian territory and hosting nearly 13.540 million people. This publication of Materiali Uval contains the Italian national strategy for reversing the depopulation and marginalisation of these areas, hinging on two key economic policy assets: improving personal services and triggering local development projects.

**Strategia nazionale per le Aree interne:
Definizione, obiettivi, strumenti e governance**

Sommario

L'Italia è un paese caratterizzato da un modello territoriale policentrico, dove una fitta rete di relazioni tra aree urbane, rurali e centri minori definisce uno spazio interdipendente in cui i centri maggiori, offrendo servizi ai cittadini, fungono da attrattori per la popolazione. L'accessibilità a servizi essenziali quali istruzione, mobilità e assistenza alla salute è prerogativa prima per il godimento del diritto di cittadinanza. I territori rurali meno facilmente accessibili, storicamente caratterizzati da una scarsa offerta di tali servizi, sono stati protagonisti di un lungo e progressivo abbandono in favore delle aree urbane, con costi elevati per la società come dissesto idrogeologico, degrado e consumo del suolo. Alla perdita demografica ha corrisposto anche un processo di indebolimento dei servizi alla persona. Questi stessi territori sono però anche il luogo di un grande capitale territoriale, naturale e umano inutilizzato, ritenuto strategico per il rilancio e la crescita del sistema paese Italia. Si è ritenuto dunque necessario intervenire per tutelare, recuperare e rivitalizzare le aree interne del proprio territorio, superando la dicotomia urbano-rurale e dando una nuova accezione al concetto di accessibilità ai servizi. Si definiscono "interne" proprio quelle aree sostanzialmente lontane dai centri di offerta di tali servizi e caratterizzate da processi di spopolamento e degrado. L'andamento demografico, le condizioni di accesso a poli di assistenza sanitaria, l'offerta adeguata di plessi scolastici sono alcuni dei criteri essenziali usati per la descrizione delle aree interne e la loro classificazione. A oggi, questi territori coprono circa il 60 per cento dell'Italia e sono la casa di circa 13.540 milioni di persone. In questo numero di Materiali Uval si pubblica la Strategia nazionale che il Paese si dà per invertire la tendenza di spopolamento e di marginalizzazione di queste aree, facendo leva su due *assets* principali di politica economica: il miglioramento dei servizi alla persona e l'innescare di processi locali di sviluppo.

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I. Introduction

A new strategy, applicable to every region and macro-area of Italy, can contribute to the country's economic and social recovery, creating jobs, fostering social inclusion and cutting the costs of regional depopulation: a *National Strategy for Inner Areas*.

Inner Areas are areas at some considerable distance from hubs providing essential services (education, health and mobility), with a wealth of key environmental and cultural resources of many different kinds, which have been subject to anthropisation for centuries. Around one quarter of Italy's population lives in these areas, which cover sixty per cent of the total national territory, and are split into over four thousand municipalities.

A significant portion of the Inner Areas have become steadily marginalised since the end of World War II, through: population decline, now below the critical threshold; job cuts and falling land use; a decline in local provision of public and private services; social costs for the nation as a whole, such as hydro-geological instability, and degradation of the cultural and landscape heritage. Public and private interventions (cables, landfill, inadequate forest management and energy plants) geared to extracting resources from these areas, have also had negative effects, failing to generate local innovation or benefits: local administrations had given the go-ahead for these, partly because of their weak negotiating power due to lack of funding. In other cases, innovation was discouraged by tight-knit local community opposition to outside intervention.

Equally, there are some Inner Areas where good policies and practices have been adopted, the upshots of which have been: a steady or growing population; municipal cooperation in the provision of essential services; environmental and cultural resources have been safeguarded and valorised. This shows that the general process of marginalisation is not unavoidable and that these areas are capable of following through on growth and cohesion projects.

It is therefore clear that there is high development potential in these areas of the country, which a robust, inclusive and ongoing national strategy could bring out. This Strategy will be implemented by capitalising on countrywide financial and methodological opportunities and leveraged by the Community funding programme for the seven-year period 2014-2020, along with the dedicated funding provided for under the Stability Law (national funds). It is a work in progress, being carried out in strict agreement with the Regions and through effective dialogue with the Municipalities and Provinces, in awareness that local, open and forward-looking communities have their own part to play in making the national strategy work.

Consistent with the new methodology that must underpin different Community funding in the North and South, it is *people's quality of life* that sits at the heart of the national strategic plan for Inner Areas: intensive development that will improve inner area inhabitants' wellbeing and social inclusion; extensive development that will lead to increased job opportunities and territorial capital uptake.

Growth and social inclusion therefore are mutually interdependent. Summarising the ultimate objective and guiding light of the strategy is to reverse and improve demographic trends (cutting emigration from these areas; attracting new residents; raising the birth rate). These outcomes and demographic land use recovery, in particular, are what will serve to combat the hydrogeological instability and degradation of the cultural and landscape capital in these Inner Areas, along with specifically targeted projects.

In order to achieve these results, the strategy will encompass *three powerful innovations*. It will initially be rolled out to a limited number of areas - one per Region. It will have a national dimension operating through two interrelated classes of actions: one focused on promoting development through projects funded by the various available European funds, and the other focused on ensuring adequate public provision of essential services in these areas (health, education and mobility). There will be a binding time frame, careful and open monitoring of the outcomes and comparison of the experiences and outcomes by a Project Network.

The initial selection of the few areas ranging over multiple Municipalities (including those straddling more than one Province or Region) will be made by the regions, according to shared general criteria and using the current map (as a frame of reference, modifiable and integrable, not as ‘zoning’). Basically, in agreement with the Regions and central government, the idea is to start with a limited number of prototypes, making sure that the initial phase of the strategy is ‘played out’ in the most needy project areas that also have the greatest chances of success. This selective approach, which marks a significant departure from the past, will be in the interests of all the Inner Areas, because the roll-out of the strategy will be influenced by the outcomes of this initial phase, once properly assessed.

The local development interventions in the selected project areas will be financed by all the available Community funds (ERDF, ESF, EAFRD, EMFF), with priority given to the following areas of intervention: territorial safeguarding, valorisation of natural and cultural assets and sustainable tourism, agricultural business and production, renewable energy supply chains and energy saving, handicraft and local knowledge. Conditional on guaranteed input from the various funds, additional interventions geared to upgrading essential health, education and mobility services will be carried out, financed through additional resources provided for under the Stability Law (art. 1. paras. 13-14-15-16-17), and other resources. These interventions will be carried out by the respective central Ministries, Regions and Provinces responsible.

Possible examples are: reorganising educational facilities, or rather the creation of new good quality facilities in barycentric positions within the areas, replacing ancient and inefficient structures in individual localities; reorganising health provision in such a way as to ensure swift emergency provision and accessible diagnostic facilities for patients; upgrading transport services, with particular focus on accessibility to rail services.

The national character of the Strategy is marked by a further provision. The Municipalities involved in each project area will create appropriate forms of service partnership (or, where

appropriate, associations), that will help to boost the long-term sustainability of the Strategy, and enable their normal activities to be aligned with the local development projects funded.

The complete package of interventions will be formally sanctioned through special Programme Framework Agreements between local Bodies, Regions and central Administrations. The project areas and relative agreements will become part of an Inner Area Project network, providing multiple services: ongoing monitoring and assessment of respect for timescales and outcomes; comparison and assistance with regard to criticalities; access to a databank of practices; shared progress on the indicator system; comparison with ordinary policy activities.

Compared with other countries, Italy's territory is extraordinarily polycentric with a wide and diversified network of small and medium-sized Municipalities. Italy has failed to derive proper benefit from this peculiarity for too long. The Strategy for Inner Areas, with its gradual, integrated and monitored approach, will serve to change this state of affairs, improving inner area residents' quality of life, contributing to national development and to the European Union aim of achieving territorial cohesion.

II. Inner Areas: economic growth and development

II.1 Reasons for and objective of a strategy for Inner Areas

Much of the Italian territory is organised around ‘minor centres’, often small hubs that guarantee their residents only limited accessibility to essential services. The specific features of this territory can be summarised under the expression ‘Inner Areas’.

Italy’s Inner Areas can be characterised as follows:

- a) they are at some significant distance from the main essential service centres (education, health and mobility);
- b) they contain major environmental resources (water resources, agricultural systems, forests, natural and human landscapes) and cultural resources (archaeological assets, historic settlements, abbeys, small museums, skills centres);
- c) they are extremely diversified, as the result of the dynamics of varied and differentiated natural systems, and specific and centuries’ old anthropisation processes.

Many of the Inner Areas have undergone a process of *marginalisation* since the 1950s, evidenced by key signs of de-anthropisation. Firstly: a) populations falling below the critical threshold and demographic ageing; b) dwindling employment and use of territorial capital. Secondly, progressive quantitative and qualitative decline in local public, private and community services – services that define the quality of citizenship in contemporary European society.

Various subjects have profited by and contributed to this process – these can be defined as ‘enemies of Inner Areas’. These are the private and public bodies that have extracted resources – amassing significant revenue and exploiting these territories rather than promoting innovations and local development. Interventions have been carried out – landfill, cables, wind farms, biomass plants, and so on – that have failed to generate significant local benefits. Local administrations have largely agreed because of their weak bargaining positions due to lack of funds. ‘Enemies of Inner Areas’ also include promoters of closed local communities, which prevent and obstruct innovation process within and among territories. The Inner Areas have, however, also witnessed ‘good policy’ and ‘good practices’. In fact the marginalisation process has not affected all the Inner Areas equally, and in some territories: a) the population has remained unchanged or has increased; b) environmental and cultural resources have undergone valorisation projects; c) forms of intermunicipal cooperation have been entered into to ensure some essential services. These factors are also presumably evidence of local communities’ aptitude for good government.

In order to build an economic Development Strategy for Inner Areas, this report takes as its starting point the unused ‘territorial capital’ in these territories: the natural, cultural and cognitive capital, the social energy of the local population and potential residents, and

production systems (agricultural, tourist and manufacturing). The territorial capital of the Inner Areas is currently largely unused as a result of the de-anthropisation process referred to earlier. Unused capital should be considered as a measure of development potential in a local development strategy. The presence of innovative entities, such as advanced manufacturing facilities, that do exist within the Inner Areas can act as a catalyst. Local development policies are, first and foremost, policies for activating latent local capital.

From a national perspective, the potential inherent in Inner Areas represents an ‘economic development potential’. A demographic and territorial examination of the great swathe of Inner Areas immediately shows how consistent their overall development potential is, and therefore how important their contribution to stabilising the trajectory of national economic development is. Leaving such huge, heterogeneous and specific territorial capital unused makes no sense from an economic point of view. A significant part of Italy’s unemployed labour force could, for example, be realistically employed thanks to new job opportunities generated by re-activating local territorial capital.

These considerations make it clear that the ultimate objective of the National Strategy, , will be to reverse the demographic trend of Inner Areas, both in terms of resident numbers and in terms of age and birth group. From the standpoint of this Report, the core issue in implementing a successful economic development strategy for the Inner Areas, is the demographic situation. As a result of the population decline that has characterised much of their territory – generally very pronounced and in some cases dramatic – there is a generalised demographic weakness, which is destined to worsen through inertia almost everywhere. This is the backdrop to the ultimate target of the development strategy, which is to bolster the demographic structure of local Inner Area systems. This bolstering can be achieved through demographic growth, or an increase in the working age classes of the population, or by halting the decline at the very least. Therefore, overcoming inertial demographic growth becomes a crucial criterion for the evaluation of local development projects.

Inner Area development should now be considered as a ‘national issue’. Other than their development potential – referred to immediately above – the Inner Areas are of national importance due to the social costs related to their abandonment. In many cases they are characterised by production and investment processes, which as a consequence of their scale and type, generate substantial social costs. Hydrogeological instability is just one example of the social costs associated with the current utilisation of the human landscape in Inner Areas. There are other equally significant examples, such as the loss of biological diversity and the loss of practical skills (‘know how’).

The third factor to consider from a national perspective is a resident population’s low level of access to basic services – health, education and mobility, plus – these days – access to virtual connectivity (*internet* access). Lack of accessibility to essential services, now regarded in Europe as those constituting a legal right for every citizen, greatly reduces the local resident wellbeing by reducing people’s fields of choice and opportunities. This also applies

to new potential residents. Considering just how many people live in the Inner Areas, this disparity has obvious social and political implications.

BOX 1 – THE OBJECTIVES OF THE STRATEGY FOR INNER AREAS

As regards those parts of the territory classified as Inner Areas, the strategy makes a distinction between two different types of local development:

- a) *intensive development;*
- b) *extensive development.*

Intensive development refers to all those changes that improve the per capita wellbeing of residents in Inner Areas, leaving production capacity unchanged; extensive development refers to all those changes that, as well as improving the per capita wellbeing of residents in Inner Areas, trigger an increased level of production capacities.

Keeping these two types of local development quite distinct underscores a basic conflict between local interests and national interests, which needs to be resolved. From a national standpoint, the Italian Inner Areas have remarkable and extensive development potential: they contain unused territorial capital that could be matched with employment opportunities. Inner Areas could reabsorb part of the unemployment currently affecting Italy's urban areas. An extensive development trajectory needs to be drawn up from the standpoint of national interest in Inner Areas.

From a local standpoint – given their social, demographic and economic characteristics – almost all Inner Areas are 'non-performing territories' due to a steady decline in the availability of services and socio-demographic deterioration. Individual Inner Area systems are in need of socio-economic stabilisation measures. Local interests can be served by an intensive development trajectory.

In the past, policies encouraged the intensive development of Inner Areas, by attempting to stabilise per capita wellbeing, but paid little attention to the issue of production levels. This Strategy is characterised by a change of perspective. It aims to promote both intensive and extensive development. Its final objective is to reverse current demographic trends: this should trigger a rise in populations and birth rates and a change in age compositions with the influx of younger age groups.

Pursuing both types of development at once has an analytical foundation in that they are synergic: they are mutually bolstering.

Briefly, the strategy has 5 mid-term objectives:

1. *increasing the wellbeing of local populations;*
2. *increasing local labour demand (and employment);*
3. *increasing the use of territorial capital;*
4. *lowering the social costs of de-anthropisation;¹*
5. *bolstering local development factors.*

These objectives – which are all interdependent – contribute to define both intensive and extensive development and demographic recovery in Inner Areas.

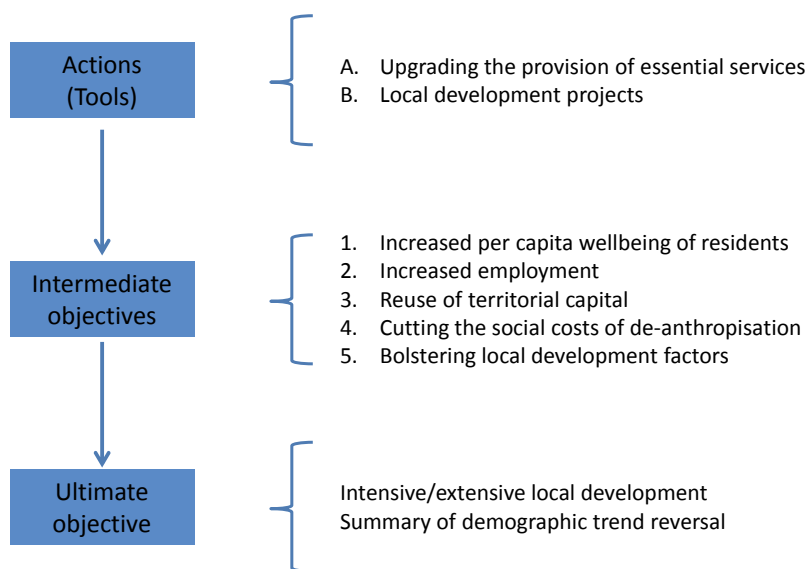
These five mid-term objectives can be pursued through two types of action (tools), each of which has a national and a local dimension. The two types of action are:

- a) *Upgrading the quality/quantity of essential service provision;²*
- b) *Local development projects.*

¹ Hydrogeological instability, degradation of historic and architectural (and human landscape) capital, destruction of nature.

² Education, health, mobility, connectivity.

Figure II.1 - Objectives of the Strategy for Inner Areas



The mid-term/functional objective of ‘local development factors’ relates to two particular spheres: the ‘market’ and ‘employment’. ‘Market’ means the fact that local systems and their main economic actors must be able to compete for consumer demand and investor preferences on a national, European and even global scale. . Relaunching Inner Areas naturally means relaunching local systems as production areas, which requires consolidated demand for locally produced goods and services. Demand is a fundamental development factor, and national and European policies have a decisive role to play in guaranteeing that this is sparked and remains steady.

The second local development factor can be summed up by the word ‘employment’. The Inner Area trajectory over the last few decades has ‘voided’ the territory of employment: on one hand the working age segments of the population have fallen significantly (as have activity rates), and on the other, working skills have steadily declined. However, the economic recovery of Inner Areas cannot take place unless employment becomes central to the Inner Area systems once more. This can be achieved through:

- a) immigration and rebuilding a solid working age group of the population;
- b) building abstract and practical work-based knowledge (required to produce the goods/services for which demand exists at national, European/global level);
- c) adequate remuneration for the work itself.

The two dimensions of local development – ‘market’ and ‘employment’ – are interdependent. The ‘market’ dimension alone will not suffice to build a local development strategy without the ‘employment’ dimension, with strong emphasis on the ability to intercept demand and satisfy it by activating ‘good employment’ – employment that generates quality goods and services, responding to market preferences. Equally, if an Inner Area cannot satisfy demand, jobs will not be activated, minimizing its development

chances. Moreover, without an adequate level of essential ‘citizenship’ services residents will not be attracted to these areas, so there will be no employment opportunities and thus no possibility of putting together local development strategies.

II.2 Inner Areas: formation

After the Second World War, Italy embarked on an extremely intense trajectory of industrialisation and economic growth. From a territorial standpoint, economic growth was both ‘widespread’ and ‘polarised’. ‘Widespread’ because it applied to an extremely *large* number of cities and urban systems, even small and medium-sized ones, within the Italian territory. ‘Polarised’ because, however, it *only* applied to *part of* the Italian cities and urban systems. Moreover, in the cities and urban systems in which growth did occur, it happened at very different intensities. There were systems characterised by extraordinary growth rates and others by very modest ones.

The territorial model of ‘widespread polarisation’ of economic growth applied to much of the Italian territory. In all the regions – even those with particularly rapid industrialisation trajectories – a considerable number of local systems (cities and inter-municipal urban systems) experienced powerful (or dramatic) economic and demographic decline and saw a substantial drop in the use of territorial capital. Even regions such as Emilia Romagna, Piedmont and Lombardy – where industrialisation and economic growth took hold in forms long-considered as exemplary – went through a strong polarisation process of economic activities.

In the late 1980s, after four decades of intense national economic development, Italy’s vast territory consisted almost entirely of mountainous and hilly land (with some notable exceptions), much of it scattered with minor towns, and with a complicated history of economic and demographic decline. The polycentric organisation of the Italian territory is articulated into two quite distinct territorial subsystems with specular dynamics: an urban territorial system made up of large medium-sized and small urban systems on one hand, and a territorial system made up of small towns, villages and mountain settlements on the other – the Inner Areas, in fact.

During the period in which industrialisation and economic development were taking off in Italy, two fundamental territorial convergence/divergence dynamics were observed:

- a) differences in economic development trajectories between macro-regions (North-South, North-Central-South);
- b) differences in development trajectories inside each region and macro-region.

The convergence/divergence in macro-regional growth trajectories has been the focus of national public debate, while the marked development differences in the macro-areas between the central and peripheral areas have remained a local or regional issue.

Prior to the 1980s, the formation of a vast de-populated territory and its possible consequences – with a large part of the territorial capital un-used – was greatly undervalued in Italian public debate. The macro-regional designations – ‘South’, ‘Central’ and ‘North’ that took hold in the 1980s – pushed the Inner Area issue into second place. The decline of part of the Italian territory attracted far less attention – political and analytical – than its growth. Equally, instances of growth, even marked, in some Inner Areas attracted little attention.

The shift of focus from macro-regional development to local development issues has allowed for a more accurate interpretation of the Italian territory. The concept of ‘local systems’ focused attention on territories, issues and problems that the concept of macro regions had relegated to second place. The concept of ‘local systems’ – sometimes individual municipalities but, more frequently, inter-municipal systems – has enabled the Inner Areas to become ‘visible’ thanks to their territorial specificity, potentials, weaknesses and needs, their successes and lack of successes.

II.3 Inner Areas: initial condition and development potential

Following several decades of marked changes that, according to each individual case, took the form of stagnation decline or development, the Italian Inner Areas can now be described in terms of three main characteristics – as previously discussed.

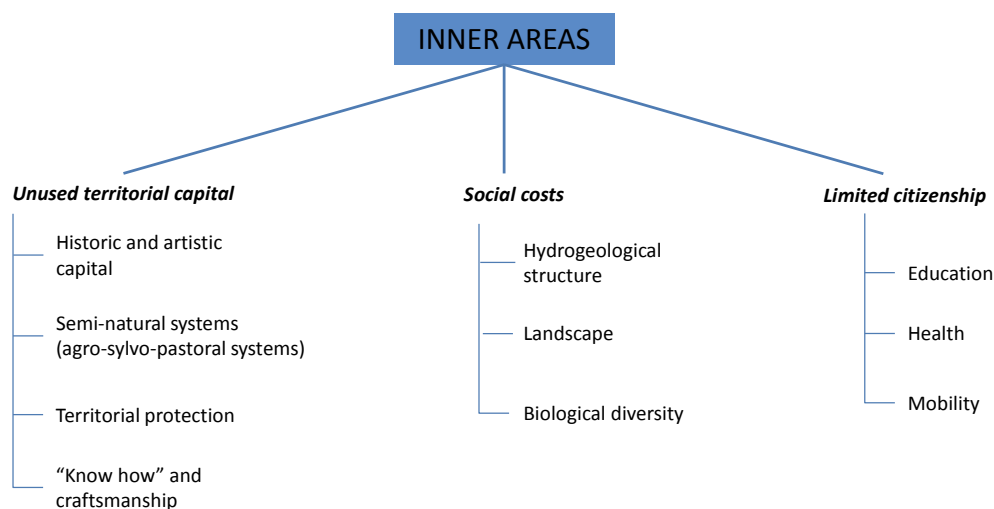
Firstly, the Italian Inner Areas can be described in terms of *non – valorised territorial capital*. Economic decline and depopulation have led to many ‘abandonment landscapes’: neglected semi-natural systems (agro-forestral systems), dis-used construction capital, traditional skills forsaken. Needless to say, the level of use of territorial capital in the Italian Inner Areas varies, greatly depending on the case in question. However, partial, extremely limited use remains a common factor.

Secondly, there is a need to focus on the social costs being generated by the current *production and consumption processes*. In this regard, hydrogeological instability is a hugely significant issue for the Italian Inner Areas, but there are other – equally important – issues linked to territories poor maintenance, such as the loss of biological diversity, degradation of human landscapes and loss of traditional skills.

Thirdly there is the social cost generated by the lack of access to essential services (education, health, mobility and virtual connectivity – *internet* access) considered by European society as ‘citizenship’ constituents. This situation can partly be attributed to the low population density of these territories, which consequently generates difficulties in the economic organisation of such services. As well as negatively impacting the wellbeing of Inner Area inhabitants, the quantitative/qualitative lack of essential services is a disincentive to residency.

Figure II.2 shows these three Inner Area characteristics split into subsections. This is both necessary and general, but extendable according to the specificities of each single territory.

Figure II.2 - Descrizione dello stato delle Aree interne



The way Figure II.2 has been constructed means that it can be read as both a description of the im-balances and as a description of the economic development potentials of the Inner Areas.

II.4 Inner Areas: ‘intervention-free’ scenarios

Inner Areas should be regarded as an *evolving* territorial system. Being integrated with the rest of the Italian territory in terms of space, relations, economy – and culture – Inner Areas are the object of and subject to national, European and global dynamics. The question of their future development trajectories needs to be tackled – and an assessment of these trajectories made. All development strategies focused on Italian Inner Areas must take account of, analyse and evaluate current trends, i.e. the economic, social and environmental scenario which presumably could prevail in the absence of public action. This explorative prediction exercise, ‘scenario building’, firstly requires the identification of the general borders of each Inner Area. This issue is dealt with in Chapter III, to which please refer. Identifying the perimeter of Inner Areas is, however, merely a preliminary step. The next step is to pinpoint the differences between the various territorial sub-systems that make up the Inner Areas, as seen from the analysis and intervention approach of this report. The Italian Inner Areas should, in fact, be interpreted as a ‘constellation of local systems’.

This territorial analysis identifies a fundamental characteristic of the Italian Inner Areas: their extraordinary *variety*. There are profound differences (on all levels: geographic, economic, social, cultural, eco-systemic) between the local systems that make up the Inner Areas. Recognising the differences between Inner Area systems is the first step towards recognising their *complexity*. The relationship between ‘environment’ and ‘economy’ that characterised the Italian Inner Areas for centuries has triggered settlement practices, production technologies (and practical knowledge, consumer patterns, cultural representations that, because of their interdependence, flag up extremely complex and highly specific human systems).

Exploratory forecasting of possible Inner Area scenarios must be carried out with reference to certain dimensions. Demography is certainly the first essential dimension to consider. Local Inner Area systems are now at a point where they can no longer ensure adequate generational exchange, although the level of ageing varies. Many territorial systems are destined to suffer demographic collapse in the medium to long term or, in any event, a fall in the working age population, with a significant decline in or total elimination of endogenous development capability. Even where there are some signs of demographic recovery, these are still limited and inadequate.

The second basic dimension to consider when exploring potential scenarios for individual local systems is their ability to offer essential services. There is no doubt that there has been a fall in the quality/quantity of essential service provision over the last decade. This is partly a consequence of having tailored services to a falling or stationary population and partly like effect of rationalisation justified in the name of efficiency. The decline in quality of citizenship – combined with an ageing population – will probably continue into the next decade and beyond if no interventions are set up.

The third dimension relates to territorial degeneration – and the consequent social costs – associated with its improper use. Unmaintained settlement systems will inevitably fall into disuse. Hydrogeological instability will get worse with degenerative territorial effects that will make these areas increasingly less hospitable.

These three inner dynamics already prevail and the future evolution of local Inner Area systems ‘in the absence of action’ will depend on their specific overlap and intensity.

The future development of Inner Areas will, naturally, also depend on external factors. The general de-industrialisation process and the new bottom-up manufacturing and service industry approach will affect the territorial subsystems of Inner Areas that have undergone industrialisation processes, to a greater or lesser extent. Changing territorial competitiveness determined by new European tourism territories with similar characteristics to those of the Italian Inner Areas is another external factor. Fluctuating consumer preferences and climate change are further instability factors for future Inner Area development trajectories.

In the light of these internal and external dynamics and their own specific characteristics, Inner Areas subsystems should identify potential policy target scenarios. Realistic ‘concrete futures’ have to be envisaged, defined by means of careful and pertinent analysis, serving as opportunities and objectives, on the basis of which local development strategies can be put together.

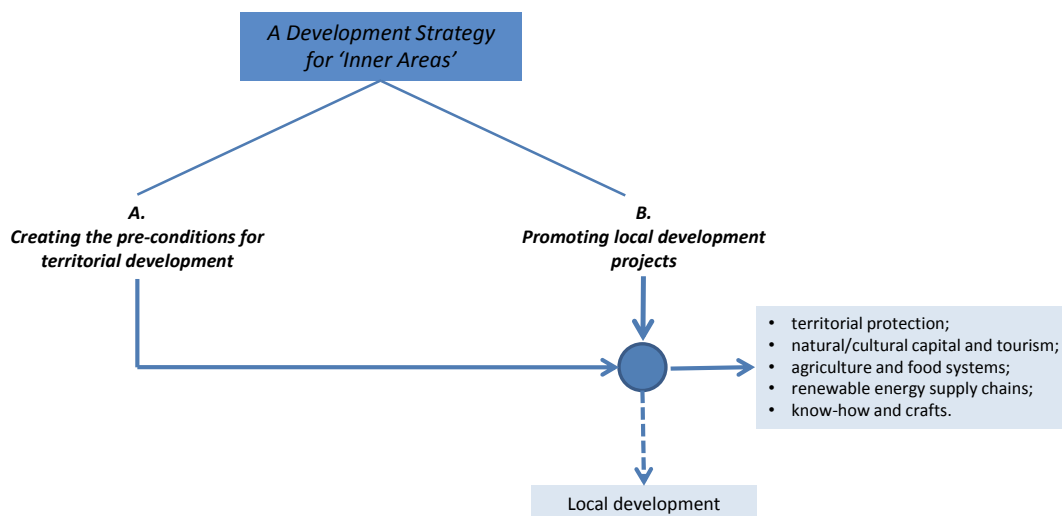
II.5 A national local development strategy

The economic Development Strategy for Inner Areas derives from the intersection of national and local perspective. The ‘national outlook’ recognises the relevance of the Inner Areas. It also takes in their variety and complexity, but is not capable of interpreting these characteristics by identifying local projects to promote local development. Local communities alone can interpret the variety and complexity of the local society and territorial capital that characterise them, and turn them into projects, by leveraging innovators that already exist in some Inner Areas. They are often cut off from local society and the local economy, but linked to supra-national commercial networks of values and skills. It is at national level, however, that the obstacles to local development that make up the institutional and economic context within which local communities necessarily operate and evolve can be removed.

The variety and complexity of the Italian Inner Areas suggest that ‘national outlook’ and ‘local outlook’ should overlap/intersect when drawing up economic development strategies. This would thus avoid both the ‘*illusion* of a local project’ – believing that the areas are equipped with all the economic and cognitive resources needed to carry out efficacious development strategies – and the ‘unreality of a national project’ – believing that a national strategy is capable of achieving its objectives without the input of local communities.

Figure II.3 is an extremely pared-down diagram of the local development strategy for the Italian Inner Areas. This strategy is born of extensive reflection on the success/lack of success of past local development policies and current European situations, particularly in those territories that have had to tackle the issue of territorial marginalisation for geographical or territorial reasons.

Figure II.3 - A local development strategy



The strategy is based on two dimensions, defined respectively as: (a) ‘preconditions for local development’, and (b) local development projects. Dimension (a) refers to the availability of adequate goods/essential services within a territory, which define ‘citizenship’; dimension (b) refers to local development projects that directly affect the territories, leveraging five identified spheres of intervention.

Interventions in each of the two identified dimensions can be both European, national, regional and local in scope – as can the relative tools.

Intervention on development pre-conditions must be kept distinct from the implementation of local development projects because it:³

- a) brings different institutional actors into play – requires different systems of *governance*;
- b) rests on different cognitive and financial resources;
- c) should precede or be carried out in conjunction with local development projects.

Attention to local development preconditions – and an awareness that these preconditions must be guaranteed by national, regional and supra-municipal interventions – is what characterises and distinguishes the proposed local development strategy.

³ The *governance* mechanisms required to guarantee the necessary links between intervention on the prerequisites and the local development projects will, however, be identified (cf. Chapter VI).

II.6 Inner Areas: the demography issue

The ultimate goal of the Development Strategy for Inner Areas is to reverse the demographic *trend*: falling population and birth rate, emigration, a rise in the number of people older than the national average. The ultimate objective, therefore, is to increase the resident population in these territories; triggering a rise in both the resident population of working age and the number of pensioners (a rise in the population of retired people will be a consequence of this). Demographic growth is an objective that can be expressed in operational terms and will allow an *ex-post* examination of the development policies.

The relevance of this objective – and the reason why it has been put forward as the focal point of the Development Strategy for Inner Areas – rests on the fact that in some cases it directly determines positive social and economic changes in local contexts. On one hand, therefore, reversal of the demographic trends will take place in the Inner Areas, and is credible and sustainable, when labour market recovery is assured and adequate citizenship constituents have been restored for all the inhabitants young or not. On the other hand, demographic growth in itself determines the recovery of fundamental unused territorial capital, the settlement system in particular activates a processes of rehabilitation and local maintenance that would otherwise not be possible. Furthermore, population growth leads to the rebuilding and consolidation of the vitality of local communities. The latter is a fundamental precondition for putting together and justifying local development strategies: unless local communities are rebuilt, long-lasting development strategies cannot be planned or implemented. Lastly, population growth has a fundamental effect on the efficiency (and production costs) of essential services. One of the cornerstones of the Development Strategy for Inner Areas is the need to evaluate the efficiency of essential services provision in social terms rather than just in financial terms: population growth in various age groups facilitates the organisation of essential services and helps to broaden the spectrum of sustainable solutions.

Population growth and demographic stabilisation will be pursued by the Strategy through interventions governed at national territorial, regional and local level. The indissoluble interdependence between national and local perspective derives, as will be seen further on, from the fact that the objective of demographic growth is pursued through the interaction between national interventions (national education policy, for example) and local interventions (local development projects).

II.7 An integrated strategy

What characterises the Development Strategy for Inner Areas, as described in this Report, is the clear distinction between levels of intervention A, B and C (cf. Figure II.2). Each single intervention of the Strategy has its specific effects, but the success of the Strategy as a whole rests on the synergic intersection of the effects produced by the interventions in

each particular sphere. From this standpoint, what is being proposed is an integrated local development strategy.

First and foremost, there is a need to consider what have been defined as the *pre-conditions for local development*, seen as a specific level of intervention in their own right. The expression ‘pre-conditions for development’ refers to the production and provision within a territory of those services that in contemporary society are considered as constituents of ‘citizenship’:

- a) health;
- b) education and vocational training;
- c) mobility.

The availability of these services is an essential condition for guaranteeing people willingness to pursue living in these territories – and for enhancing the attractiveness of these territories to new residents: it enables individuals and families living in these territories to realize their life plans. In contemporary society, inadequate quality/quantity of these three essential services is a decisive hindrance to any local economic development strategy, because it renders people’s life plans uncertain and unsatisfactory. The basic idea is that local development projects, on which the focus has almost exclusively been up to now, cannot generate all the desired effects or indeed fail to generate any of them if these pre-conditions are not guaranteed – i.e. when a territory does not offer adequate provision of the types of service mentioned above. The territories ‘must be predisposed’ – and must first and foremost be helped to ‘be predisposed’ – to welcome local development projects.

Mainstreaming telematics communication technologies is strictly functional and complementary to efficient service management in the inner territories. As well as constituting an increasingly important prerequisite for territorial development, the enabling nature of digital technologies is a crucial factor both in mitigating the disadvantages suffered by the Inner Areas, deriving from their lack of spatial accessibility to essential services, and in boosting internal links with these Areas, which are at a greater disadvantage than urban hubs, due to unreliable broadband provision. Equally, adequate telematics communication technologies also mean being able to offer innovative service solutions (e.g. telemedicine and distance learning). The second level of intervention shown in Figure II.2 relates to ‘local development projects’, which are the basic tool for promoting development in the Inner Areas. The nature of these projects will be seen into detail in Chapter V.

Local development projects must fall into one of the following categories:

- a) *active territorial/ environmental sustainability protection;*
- b) *valorisation of natural/ cultural capital and tourism;*
- c) *valorisation of agriculture and food systems;*

- d) *activation of renewable energy supply chains;*
- e) *know-how and crafts.*

It is believed that the outcomes of these project categories really can promote growth and trigger economic development, generating a trajectory of ‘sustainable’ development. However, as already noted, these projects can be successful if the territories – working alongside with the various government departments – are able to ensure the satisfaction of the pre-conditions requisite, outlined above.

Figure II.4 - Policies and effects

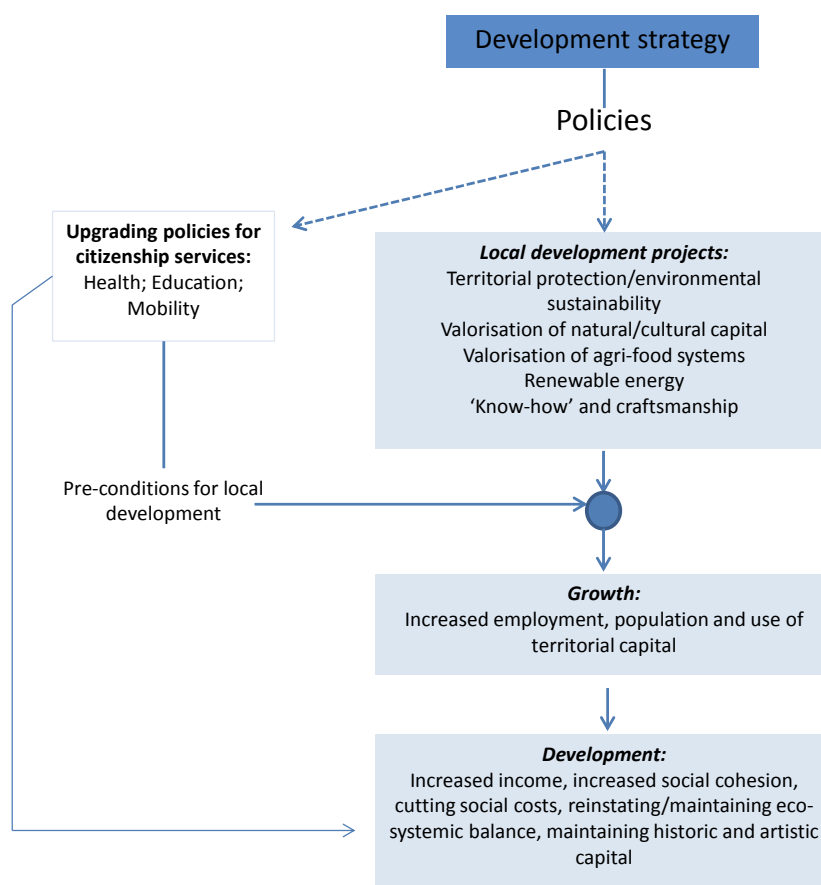


Figure II.4 summarises the rationale underpinning the Strategy. Interventions on citizenship constituents (upgrading education, health, mobility and virtual connectivity (*internet* access) contribute directly to increase resident population wellbeing of – and help to raise the profile of particular places, making them attractive to potential new residents – as well as being pre-conditions for the efficacy of local development projects, as discussed above. The level of intervention on local development factors – demand for locally produced goods/services and the stability, consistency and quality of the local labour market (“employment”) – is equally extremely important to support the efficacy of local development projects.

III. Inner Areas: territorial identification and organisation

III.1 Identification

The general definition of Inner Areas as ‘the major part of the Italian territory characterised by being at a significant distance from centres with essential service provision’ does not bring to a univocal identification of Inner Areas boundaries: ‘significant’ and ‘essential services’ can only be deemed as such by the collective assessment of the citizens living in these areas. In the past, territorial mapping, later used as a binding ‘zoning’ intervention criterion, produced appalling results and degenerative effects. That said, mapping is crucial for identifying the extent of demographic and environmental trends in these areas and the marked differences within the country as a whole. To this end, and in order to build common ground for comparison of current experiences – the traditional criterion of distance from ‘larger’ centres (above the threshold of more than 35.000 inhabitants) could be adopted. A series of statistical analyses has shown, however, that this would do away with the reference to accessibility of essential services. There are cities of this size in Italy that lack some of these particular services, and there are smaller ones and/or neighbouring aggregations in smaller Municipalities – that are able to provide services of this kind.

Identifying Inner Areas of the Country therefore has to start with a polycentric reading of the Italian territory. It is a territory characterised by a network of municipalities, or aggregations of municipalities (*service provision centres*) around which areas characterised by different levels of spatial remoteness gravitate.

The theoretical assumptions driving the mapping are as follows: 1) Italy is characterised by an extremely dense and differentiated network of urban centres; these centres provide an wide range of essential services, capable of generating major catchment areas, even far-flung, and function as ‘a draw’ (in the gravitational sense); 2) the degree of remoteness of the territories (in a spatial sense) from the network of urban centres influences citizens’ quality of life and their level of social inclusion; 3) the functional relations that are created between hubs and more or less remote territories can vary enormously.

A ‘service provision Centre’ is identified as a municipality or group of neighbouring municipalities able to provide simultaneously: a full range of secondary education, at least one grade 1 emergency care hospital⁴ (DEA) and at least one Silver category⁵ railway

⁴ Grade 1 emergency care hospitals (DEA) include a set of operational units that, in addition to Casualty departments, guarantee observation facilities, short stays, resuscitation and diagnostic-therapeutic general medical intervention, general surgery, orthopaedics and traumatology, cardiology intensive care. They are also able to provide chemical, clinical and microbiological laboratory services, medical imaging and carry out transfusions.

⁵ The Italian Rail Network (RFI) classifies stations as: PLATINUM (13 large track systems): stations serving an average of more than 6,000 passengers/day and with a large average number of trains/day with a good number of high-performance trains; GOLD (103 medium/large track systems): these include medium/large

station. The introduction of rail services criterion, along with the access to the essential services of education and health, derives from the value that rail mobility has taken in Italy in determining the access to other services or places that are citizenship constituents. The inclusion of medium-performance railway stations in the service provision network of Centres is therefore deemed crucial.

The identification of Centres⁶ was followed by classifying the remaining municipalities into 4 bands: outlying areas; intermediate areas; peripheral areas and ultra-peripheral areas. This was carried out using an accessibility indicator calculated in terms of the number of minutes taken to get to the nearest hub.⁷ The bands were calculated based on the tertile distribution of the distance in minutes from the nearest hub, equal to approximately 20 and 40 minutes. A third band of over 5 minutes was then introduced, equal to the 95th percentile, to identify the ultra-peripheral territories (Figure III.1 and Figure III.2).⁸

The leading hypothesis of the methodology employed identifies in the first place the nature of Inner Areas in terms of ‘distance’ from essential services. In this sense, Inner Areas are not necessarily absolutely synonymous with ‘weak areas’. The individual degree of remoteness rather identifies a characteristic of the areas, and refers exclusively to the factors under consideration (education, health and rail services). Only by examining the characteristics and dynamics of the demographic and socio-economic structure of the identified areas can be had a complete reading of the various territorial development paths.

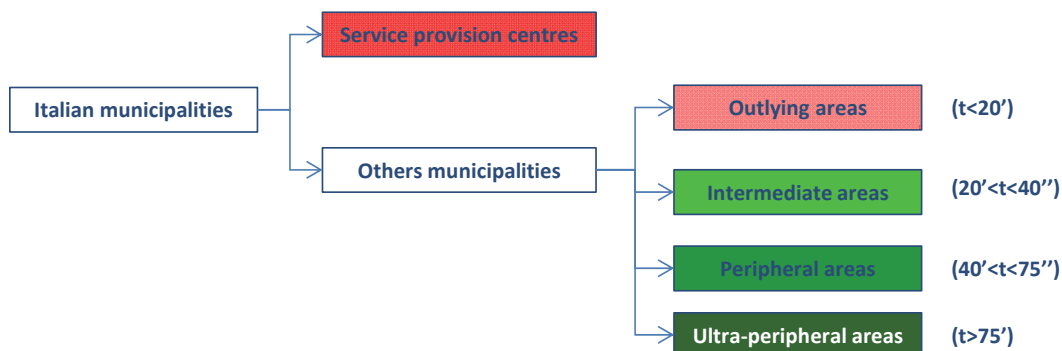
systems serving a reasonably high number of passengers, providing good local and high-performance transport; SILVER (medium/small systems) include all the other medium/small systems with an average degree of uptake for metropolitan/regional services and shorter long-distance journeys than GOLD stations; BRONZE (small systems with lower uptake). These include smaller systems serving fewer passengers, providing regional services.

⁶ Some alterations have been made to the method described in relation to provincial capital municipalities not selected on the basis of provision of the three services. The following have naturally been included amongst the hubs: Agrigento, Andria, Aosta, Barletta, Bolzano, Lecce, Matera, Nuoro, Oristano, Trani, Trento and Verbania. The capital municipalities of Sardinia, Olbia-Tempio Ogliastra Medio Campidano and Carbonia-Iglesias were not included after being abolished in the wake of regional referenda and following Sardinian Regional Council approval of the law governing the reorganisation of Sardinian Provinces.

⁷ It should be stressed that no administrative constraints have been placed on partnerships between the Centres and the other municipalities. However, not infrequently, municipalities are close to hubs in other provinces within the same region, or even to hubs in different regions. This is of some importance, given that there tends to be a range of services under the aegis of territorial bodies, typically the Regions and/or the Provinces, for which residents of other regions do not qualify.

⁸ For further methodological details, see *‘Le Aree interne: di quale territori parliamo? Nota esplicativa sul metodo di classificazione delle aree’*, downloadable from the Inner Areas site at the following address: http://www.dps.tesoro.it/Aree_interne/doc/Nota%20Territorializzazione%20AI_03%20marzo_2013.pdf.

Figure III.1 - Classification of municipalities according to degree of remoteness



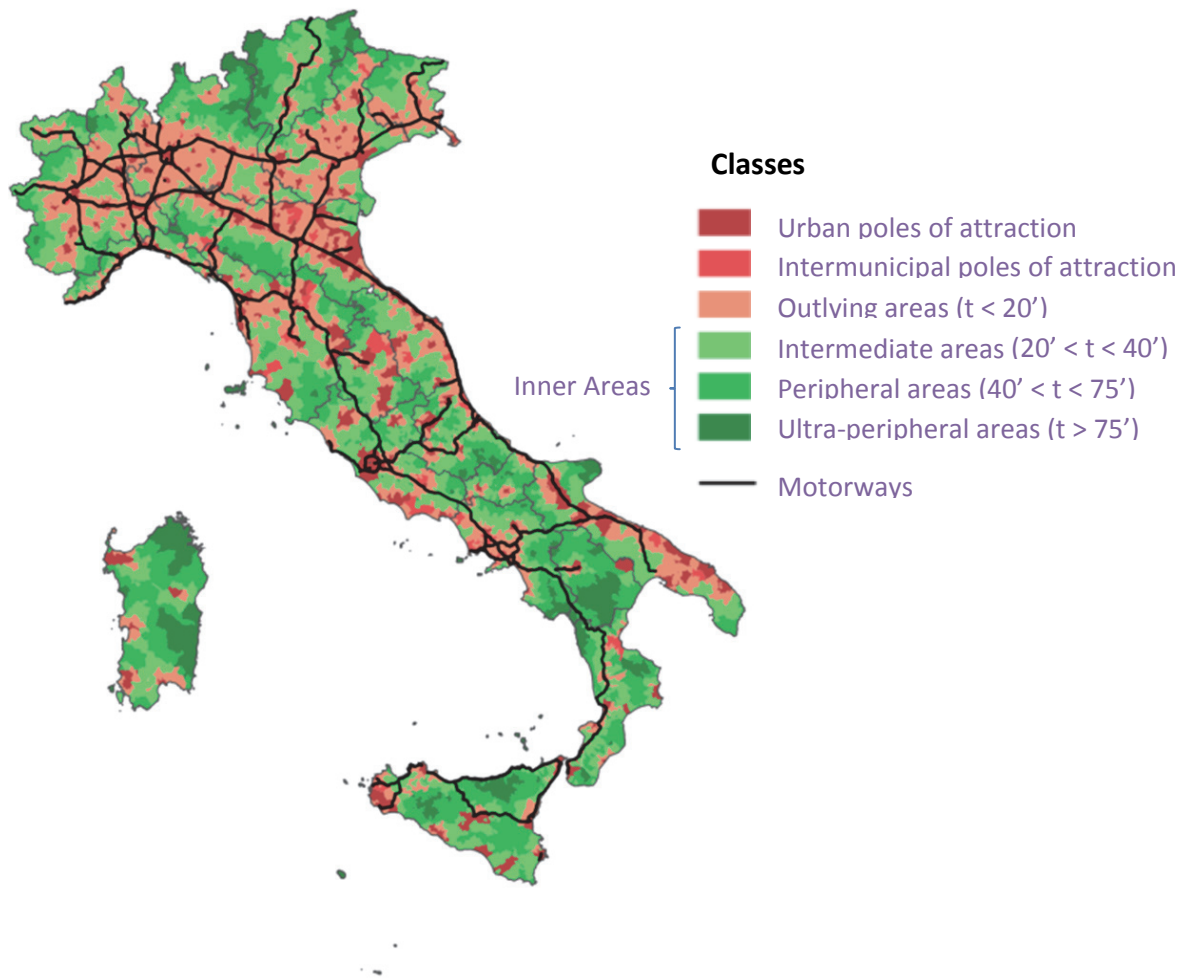
The Inner Areas thus identified, resulting from the sum of intermediate areas, peripheral areas and ultra-peripheral areas, make up 53 per cent of the Italian municipalities (4,261) and are home to 23 per cent of the Italian population, according to the latest census, equal to more than 13,540 inhabitants resident in over 60 per cent of the territory. (Table III.I).

Table III.1 - Main characteristics of the municipalities classified according to the proposed methodology

Classification Municipalities	Number	%	Altitude	Population	%	Variation % 1971-2011	Area	%
Hub	219	2.7	145	21,223.562	35.7	-6.8	29,519	9.8
Inter-municipal	104	1.3	166	2,466.455	4.1	22.7	6,251	2.1
Outlying	3508	43.4	215	22,203.219	37.4	35.8	81,815	27.1
Intermediate	2377	29.4	395	8,952.266	15.1	11.6	89,448	29.6
Peripheral	1526	18.9	607	3,671.372	6.2	-8.1	73,256	24.3
Ultra-peripheral	358	4.4	627	916,870	1.5	-5.3	21,784	7.2
TOTAL	8092	100.0	358	59,433.744	100.0	9.8	302,073	100.0

Source: ISTAT data processed by UVAL-UVER – Population census 1971 and 2011

Figure III.2 - Map of Italy's Inner Areas



Source: Ministry of Health, Ministry of Education and State Railway (FS) data processed by UVAL-UVER

III.2 Socio-demographic trends. Inner Area land use and ‘diversity’

From a demographic point of view,⁹ Italy has undergone through rapid and swingeing change over the last few decades. This has led to both quantitative and ‘qualitative’ population changes, changing age bracket composition¹⁰ and consequently inter-generational relationships, with a predictable impact on the jobs market. These factors are even more pronounced and the consequences even more obvious in the Inner Areas, and particularly in the ‘peripheral’ parts of the country.

⁹ The following demographic data were taken from population censuses from 1871 to 2011.

¹⁰ There has been a sharp decline in the Italian birth rate and a rise in immigration, offset at national level by population decline and a gradual rise in survival rates, which has made for a significant increase in the number of elderly and very old people, to a far greater extent than in other European countries.

Over the last forty years, the Italian population has risen by about 10 percent. It has gone up to a greater degree in the Centres than nationally, but been absolutely more contained in the Inner Areas. These changes are the result of very different trends in the various types of territory: while the intermunicipal hubs, suburban municipalities and intermediate municipalities have seen their populations rise by twice or even three times the national average, **population levels have fallen in the Hubs, the peripheral and ultra-peripheral municipalities.** Peripheral and ultra-peripheral areas in particular have registered negative population growth rates since the early 1970s (especially in some regions, such as Liguria, Friuli, Piedmont and Molise).

Table III.2 - Demographic trends in the Inner Areas within Regions

Population variation – percentage difference 1971 – 2011							
	Inter-municipal						
	Hub	Hub	Outlying	Intermediate	Peripheral	Ultra peripheral	Total
Piedmont	-18	19.3	18.5	-2.5	-27.6	-41	-1.5
Valle d'Aosta	-7.6	-	46.3	7	18.1	-	16.2
Lombardy	-17.1	10.3	39.4	8.2	4.5	-1.4	13.6
Trentino Alto Adige	9.7	-	42.4	24.3	15.9	13.9	22.3
Veneto	-7.7	31.2	38.6	15.9	11.3	-33.3	17.8
Friuli Venezia Giulia	-13.7	-	19.4	-5	-35.5	-	0.4
Liguria	-24.9	-5.8	4.3	-1	-41.4	-34.3	-15.3
Emilia Romagna	-0.2	24.5	35.5	14.9	-8.5	-52	12.4
Tuscany	-4.3	15.6	24	-1	-15.6	6.6	5.7
Umbria	13.3	9.5	32.1	7.9	5.2	-	14
Marches	5.9	15.2	37	-2.3	-7.5	-	14.8
Lazio	-1	36.2	67.7	59.1	11.2	-27.4	17.3
Abruzzo	6.9	42.5	42.5	-2.5	-23.9	-42.8	12.1
Molise	44.8	-	17.1	-18.3	-34.7	-46.9	-1.9
Campania	-10.6	38.3	45	3.7	-16.6	10.5	14
Apulia	3.1	15.3	26.7	17	-1.5	-9.5	13.1
Basilicata	25.2	-	57.6	1.9	-10.1	-22.1	-4.2
Calabria	2.5	8.6	17.2	-1.7	-18.2	-10.6	-1.5
Sicily	-2.7	5.6	63.2	7.3	-8.1	-21.1	6.9
Sardinia	-10.9	-	81.5	11.3	-4.5	13.9	11.3
North West	-18.7	9.1	31.4	2.9	-4.6	-4.8	5.5
North East	-4	26.1	35.2	15	2.1	2.6	14
Central	-0.5	20.8	37.4	29.3	-1.8	5.1	12.8
South	-1.6	33.2	35.9	5.1	-14.9	-10.5	9.9
Islands	-4.3	5.6	67.7	8.1	-7.1	-1.7	7.9
Italy	-6.8	22.7	35.8	11.6	-8.1	-5.3	9.8

Source: ISTAT data processed by UVAL-UVER – Population census 1971 and 2011

The same period has seen a steady rise in the number of elderly people (65 and over) in the population as a whole, which almost doubled between 1971 and 2011. The ageing phenomenon affected both Centres and Inner Areas, but it is mostly in the peripheral and

ultra-peripheral areas, and in the North-Central area in particular, that the highest percentages have been recorded (over 30 per cent in some cases, such as Liguria and Emilia-Romagna).

The effects of these dynamics have only partly been ‘mitigated’ by the growing foreign presence in Italy as a whole: over the last 10 years, in fact, foreign residents in Italy increased from just over 2 per cent to around 7 percent and, despite using different values, their presence has almost tripled in both the Centres and in the Inner Areas (where it is now only slightly lower than in the centres).

The quantitative and qualitative demographic changes illustrated above have caused a slackening in the presence of the population, and changes of land use and its allocation, especially in the Inner Areas, triggering a knock-on spike in phenomena such as the loss of active territorial protection and increased hydro-geological risk.

There has been a sharp decline in utilised agricultural areas (UAAs)¹¹ in the Inner Areas, especially in the large swathes of mountains in peripheral, ultra-peripheral and outlying areas, triggered by the abandonment of agricultural land over the past thirty years. However the intensively farmed land around the Centres (Po Valley) and in areas with well performing agricultural systems in the Centres and Inner Areas (fruit growing in Trentino and Sicily, for instance, and wine producing areas in general) is holding well.

The fall in land set aside for agricultural use has been offset by an increase in forest areas. Currently Italy’s forests cover over 10 million hectares¹² and have more than doubled between 1948 and the present day. The Inner Areas alone contain 80 per cent of Italy’s woods, which produce the basic material for the forestry, timber and energy supply chain. Given the wealth of forests and woods in the Inner Areas, there are many areas of great interest in terms of flora and fauna. There are a significant number (over 70 percent)¹³ of Sites of Community Interest (SCI), Special Protection Areas (SPA)¹⁴ and Protected Natural Areas (PNA).¹⁵

Consistent with their physical characteristics, the economic structure¹⁶ of the Inner Areas is characterised by strong primary sector specialisation.¹⁷ In particular, while in the Centres

¹¹ The UAA data was gathered from agricultural censuses carried out between 1982 and 2010.

¹² AGRIT - Populus 2010 data processed.

¹³ SCIs SPAs and PNAs account for 14 percent, 13 per cent and 10 per cent of the Italian territory respectively.

¹⁴ Concerning the preservation of wild birds.

¹⁵ Natural marine and terrestrial areas, officially recognised in a register drawn up and periodically updated by the Italian Ministry for the Environment, Land and Sea.

¹⁶ Currently there is no statistical source that can enable consistent comparison between the agricultural, manufacturing and service macrosectors. The Statistical Register of Active Enterprises (ASIA) archive data and data relating to the Census of Industry contain limited manufacturing and service sector information. The decision to use Infocamere data for the year 2012, was made; these refer to enterprises by sector and are not only more recent than other sources, but provide a simultaneous overview of the manufacturing, service and primary sectors. Given that these data refer to Chamber of Commerce registrations and resignations, they may have been

the percentage of municipalities specialised in the Primary sector is equal to 43 percent, it rises to 73 per cent in Inner Area municipalities. It is interesting, however, to note that there is a degree of variation between regional realities inside the Inner Areas. There is a greater tendency towards more widespread agricultural specialisation than the average in the Southern Italian Inner Areas (Abruzzo, Molise, Campania, Basilicata, Sicily, Sardinia) than in Central Northern Italy. In the Inner Areas, the percentage of above-average specialisation in the Secondary sector (20 percent) also applies to the municipalities in Lombardy and in Piedmont, Veneto, Friuli Venezia Giulia and Liguria. In the Service sector, there are above-average percentages (7 percent) in Valle d'Aosta, Calabria, Campania, Lazio and Trentino Alto Adige.

The average dimension of Inner Area's local units are comprised of three staff members, compared with four in the Centres, with a general tendency to become smaller than average the further South they are.¹⁸ Moreover, the difference in the average size of Centres and Inner Areas becomes more marked the further South they are: these two facts state the greater structural fragility in Inner Area production systems in these regions. The ratio of Local Unit employees to resident population is 31.8 per cent in Centres and 21.7 per cent in Inner Areas, although this varies significantly across the regions. Generally speaking, here too, the statistical values decrease, for both types of territory, further South they are referred. Inner Areas in Valle d'Aosta, Trentino Alto Adige and Veneto have higher staff/population ratios, more akin to those in the Centres, and sometimes higher.

At national level, average taxable income (for personal income tax [IRPEF] purposes) per resident in 2010 was 18 per cent lower than in the Centres.¹⁹ There are, however, differences at regional level: in regions such as Valle d'Aosta and Veneto, for instance, the difference is less than 10 percent, whereas it is over 20 per cent in Basilicata, Sicily and

subject to communication delays, particularly with regard to cessations. However, this is likely to have been the same throughout the country, and should not significantly skew the results. Another weakness that can be attributed to the data employed is that the specialisation indices are built on the basis of number of enterprises, not the number of people employed in them. No differences were found between trends identified using Infocamere data and manufacturing specialisation indices calculated on Labour Office employee data sourced from the Statistical Register of Active Enterprises (ASIA).

¹⁷ The economic specialisation index of a municipality is calculated according to incidence of active enterprises in a determined economic sector, compared with the total number of active enterprises within that municipality. If this ratio is higher than the ratio calculated at national level, a municipality can be defined as being 'specialised' in that given sector. In analytical terms, the specialisation of the three sectors (primary, secondary and tertiary) in the municipalities were calculated. Each municipality was then attributed the economic specialisation corresponding to the highest value of the indices observed. The data refer to processing carried out on Infocamere 2012 data.

¹⁸ ASIA 2009 data processed by ISTAT. The ASIA archive includes local units operating with the sectors, ranging from 'Extraction of minerals from caves and mines' (Section B, according to the 2007 ATECO Classification of Economic Activity) to 'Other service activities' (Section S, divisions 94-95). The ASIA data and the processed Infocamere data are not comparable, covering different sectors and different reference years, and principally because the archives are of different kinds, the former statistical and the latter administrative; these require different gathering and updating methods.

¹⁹ Ministry of Economy and Finance 2012 data processed.

Lazio. Generally speaking, the difference tends to be more marked the further south the region considered. From 2004 to 2010, the average taxable income per Inner Area inhabitant grew more slowly than in the Centres (+10.6 per cent compared with +11.4 percent), with a more marked differential between these two areas. Here again, there are clear differences at regional level: Inner Areas in Valle d'Aosta, Trentino Alto Adige, Umbria, Molise and Apulia had higher average taxable income growth rates than the Centres. On the other hand, Inner Areas in Lombardy, Venezia Giulia and Abruzzo had much lower growth rates than the Centres.

BOX 2 – MANUFACTURING SPECIALISATION IN INNER AREAS

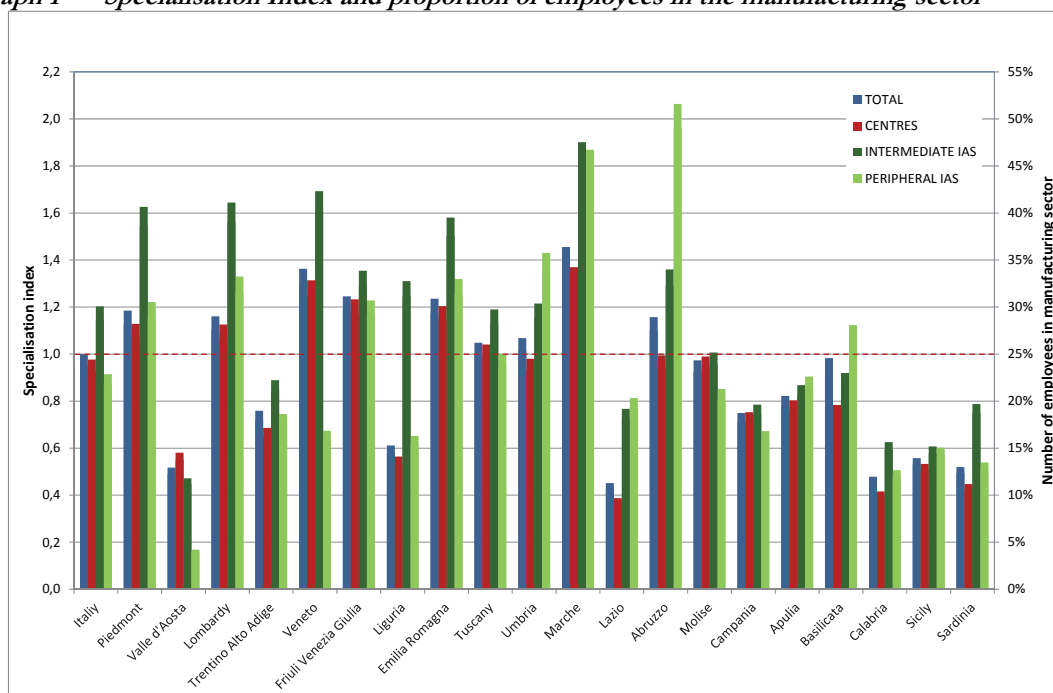
Despite being strongly agricultural, the Inner Areas have a respectable manufacturing profile, in some cases substantial.

Data from the Statistical Register of Active Enterprises (ASIA, 2009), which relates to economic activities as a whole, excluding the agricultural sector, the public sector and extra-territorial bodies, were used to calculate the manufacturing specialisation indices (MSIs) for both total manufacturing activity and individual activity categories.²⁰ The indices were calculated at regional level for the country as a whole and for the Inner Areas alone.

The analysis shows that the manufacturing sectors in the Inner Areas as a whole were more specialised than centres one, because of the lower incidence of tertiary activities. Most of the specialist manufacturing in the regions was in the intermediate areas. However, in some Central Italian regions, (Umbria, Marches and Lazio) and Southern Italian regions (Abruzzo, Apulia, Basilicata and Sicily), the peripheral areas and intermediate areas vied for supremacy with regard to manufacturing specialisation.

²⁰ The specialisation index for manufacturing activities as a whole was built according to the ratio between the number of manufacturing sector employees in each region (manufacturing sector employees compared to employees in all financial activities) and the same proportion calculated at national level. The specialisation index for manufacturing categories was calculated according to the ratio between employees in this particular financial category in each region (employees in the financial category compared to employees in all manufacturing activities) and the same proportion calculated at national level. Note that the specialisation index shows the relative incidence of this particular sector – industrial transformation – in a territory, compared to the average national figure, and therefore does not show its spread or density in that particular territory.

Graph 1– Specialisation Index and proportion of employees in the manufacturing sector



While part of the manufacturing sector, the food sector deserves a specific analysis. This sector, which represents a resource for many Italian regions, particularly in the south, appears to be an area of particular specialisation in the Inner Areas and, in particular, for those in the southern regions, where the manufacturing specialisation index greatly exceeds value 2. Wood is another particular Inner Area speciality sector, with Trentino Alto Adige top of the list (MSI=3.2), followed by the Central-Northern regions of Friuli-Venezia Giulia, Piedmont, Tuscany and Umbria and the Southern Italian regions of Calabria and Sardinia.

Sectors that are not specific to the Inner Areas in general but are well represented in the Inner Areas of particular regions are: Rubber in Friuli-Venezia Giulia, Tuscany and Campania; Metallurgy in Lombardy; Electronics and Opticals in Valle d'Aosta and Umbria; Electrical Appliances in Emilia Romagna; Machinery not classified elsewhere in Emilia Romagna, Friuli Venezia Giulia, Lombardy and Valle d'Aosta; Means of Transport in Abruzzo and, lastly, Other Manufacturing Industries in Apulia and Veneto.

IV. First set of actions. Preconditions: improving essential services: Schools, Health and Mobility

IV.1 Introduction

When ‘essential’ citizenship services are inadequate in Inner Areas, these areas become unliveable. When a large proportion of the population has problems finding schools in which the levels of education and teacher quality are equivalent to those guaranteed in larger urban centres, hospitals capable of guaranteeing essential health services (first aid; emergency; birthing; transfusions) or adequate internal and external mobility systems, the question of constitutionality and right to full citizenship constituents arise on one hand; while on the other, a vicious circle of marginality is triggered, in which demographic haemorrhage follows a process of continual reduction of these services, precluding the usefulness of any sort of development intervention.

The guarantee of citizenship right is the necessary condition for development – if essential services cannot be assured in these areas, if the basic levels and quality of provision are not monitored, it is pointless investing in development and planning strategies. There are therefore two essential issues that matter for the Inner Areas Strategy:

- a) The need to make sure that each branch of the essential services provided (the service networks, the different solutions identified to guarantee provision, and the means of access to and quality of such services) is monitored and that the outcomes guaranteed by these solutions are measured (higher student competency, for example).
- b) The necessary rebalancing solutions (allocation of facilities in the different areas, for instance) and incentives to operate in these areas (a special award that will discourage teacher mobility, for instance) – and the use of innovative solutions, where necessary, for the provision of these services (such as the use of alternative physical facilities for health services; telemedicine; travelling libraries and on-demand bus *sharing*) must be identified.

The prevalence of small Municipalities in the Inner Areas – which make up to as much as 86 per cent of the total in peripheral areas – suggests that it is important to organise territorial services through municipal partnership (more or less formalised). Inner Area Community programming provides a unique opportunity to bring local development actions and associated service management together. Municipal partnership can take on different forms and dimensions according to the nature of the service involved. In some cases – internal mobility for instance – scale could dictate a broader exercise, going beyond Municipal partnership to Provincial level.

Ordinary policy intervention is a matter of urgency and must be linked with each of the planning and strategic initiatives scheduled for Inner Areas development under the regional

policy. Rethinking citizenship services as part of territorial rebalancing therefore calls for new *governance* solutions, capable of involving the various actors, territorial units and local bodies specialising in the specific issues in question (cf. Chapter VI), where appropriate.

IV.2 Health services in Inner Areas

The reorganization of public health services in Italy, as in other countries, is obviously addressed by enhancing efficiency: more effective organisational solutions are needed to contain increased spending (current and foreseeable, given an ageing population), while trying to guarantee better services for citizens.

This means restructuring the territorial hospital network, which in Italy accounts for roughly half of the public component of health spending. There are two major drivers for change. On one hand, the evolving epidemiological picture – which shows a prevalence of chronic illnesses requiring care of different kinds than in the past – adversely affects the production capacity of hospitals. Hospitals ‘cost too much’ and are not always or necessarily the best response to guarantee the services that citizens primarily demand. This then leads to a significant switching of resources from hospitals to territorial care services, which triggers the abandonment of a care model to which citizens are still strongly attached (hospitals as ‘places of care’), in favour of an as-yet unplanned and untried new model. On the other hand, along with changing needs, those responsible for financial policy have taken cognisance of the conclusions of economic and medical literature, which suggest **economies of scale in the production of health services**, with clinical advantages in terms of quality of care and increased volumes.

The network restructuring that goes hand-in-hand with reduced production capacity must therefore be achieved by centralising care services in larger hospitals capable of treating a reasonable number of patients, with higher quality skill provision. The consequence of this policy is the closure of small hospitals inefficient in terms of both scale and quality of care. The services offered by hospitals and territorial units, such as specialisation, outpatient services, laboratories and general physicians are thus being rebalanced – but through different ‘regional’ models and with scarce attention to the specific needs of Inner Areas and those who inhabit them.

The consequences of this reorganisation on the areas interested by this Strategy are clear. The very definition of Inner Areas emphasizes their peripheral nature and low housing density; factors that contribute to a distancing from care centres (such as hospitals, but not exclusively), which are becoming less distributed within the territory and bigger than in the past. Small hospitals should therefore be shut down because of being inefficient and risky/ineffective in health terms. However, without them, an Inner Area would be unlikely to be seen as a suitable location for a new, bigger hospital (and this is true of public and private services, which would not consider it profitable to set one up in an area where there is a lack

of demand). All these factors point to a possible decline in equality in areas where the ageing process is more marked, and where effective *policy* solutions should, therefore, be pursued.

The reorganisation of public health services should go thus hand-in-hand with:

- a) monitoring – at national and regional level – the consequences of pursuing greater health service efficiency in terms of service accessibility and impact on citizens' health. Monitoring must take the following into consideration:
- b) assessing the consequences of distance from health services on specific bands of the population, such as the elderly, elderly women, women in need of pre-natal screening and the disabled;
- c) the importance of distinguishing between different types of service. **Managing emergencies** and **managing diagnostic services** call for different responses: the problem with the former is how to guarantee rapid response times, even for those living in small mountain municipalities or on islands; with the second instead it deals with how to guarantee patient access to services and service access to patients;
- c) identifying specific solutions; heart attack emergencies can be tackled by enabling members of the community in the use of defibrillators while waiting for an ambulance or helicopter to arrive. Testing can be guaranteed by visiting nurses at specially set up surgeries once or twice a week in one of the Inner Area centres; scans (or some of them, at least) can also be performed in different locations;
- d) identifying innovative *policy* solutions that take account of the importance of pharmacies and general physicians in small municipalities and on the need to focus on innovative facilities and models, such as 'care homes', for instance, integrated home care and telemedicine;
- e) consideration of the specific needs of these areas when drawing up healthcare recovery plans and the legislation that applies to them.

IV.3 The role of schools in Inner Areas

Schools are civic, social and cultural hubs and are best placed for the creation of human capital. Territories that lose their schools are more or less destined to be abandoned, and their development potential compromised.

As institutions, schools are duty-bound to perform three functions. Their first fundamental duty is to 'equip' young people, by providing them with a decent education that guarantees the substantial freedom, as Amartya Sen states, to decide whether to stay or to go. Schools are not built in order to keep students in their birthplaces, but to free them to decide where to go. Their second duty is to provide children with the tools to make sense of remaining in their birthplaces, also in a productive sense. This sort of education focuses on the particular aptitudes and skills required by work of a predominantly local nature. The third duty of schools is, essentially, to act as civic centres.

This threefold role of schools is even more crucial in Inner Areas than in the big cities, particularly in terms of those aspects that help to strengthen relations between individuals and their territory, between communities and places of belonging, that can set up virtuous and productive circles of human and environmental potential. However, it is in the Inner Areas that the relationship between school and territory becomes more rarefied. For decades, these territories have suffered from a vicious circle of territorial abandonment and disbandment of schools (60 per cent of Inner Area municipalities have secondary schools, while only 20 per cent have high schools²¹). The situation is made worse by a more marked precariousness among teaching staff, stemming from the marginality of the territories. For those who remain, these factors often lead to lower scholastic achievements and – sometimes – to higher dropout rates.

The performance of Inner Area students in the Improving Education through Accountability and Evaluation (INVALSI) tests, in both Italian and mathematics, are lower than the national average at almost all academic levels.²² Dropout rates are strongly polarised in the Inner Areas, especially at high school level. Compared with many Municipalities (between 27 and 37 percent, according to Region), with zero dropout rates, there are also numerous Municipalities (between 6 and 12 percent) in which dropouts were fairly high, over 5 percent²³.

This raises the question of how to rehabilitate the role of Inner Area schools. It means acting on the quality of teaching and equipment, both infrastructural and technological, but also on analytical tools and models of *governance* capable of valorising the school/territory relationship in both directions, from school to territory and from territory to school.

The autonomy of schools needs to be based on a positive response to local community needs, enabling schools to programme educational training tailored to territorial requirements, while respecting the country's educational and teaching *standards*.

The school/territory relationship outlined above cannot merely be confined to conserving what already exists. There is a need to build a sizing project for educational establishments and draw up programme of training opportunities, underpinned by the concept of territorial development and valorisation attempting to rebalance the importance of schools for Communities and the right of children to have Institutions capable of maintaining high *standards*. In exercising their duty to programme training opportunities, the Regions have a decisive role to play, which means that the competences provided for legislatively must not

²¹ The data should be read in comparison with the Hubs where there is a nigh-on 100 per cent presence of secondary and high schools. Ministry of Education data for the school year 2010-2011 was processed.

²² These remarks are based on the results of 2012 INVALSI tests in Italian and Mathematics taken by primary classes II and V, first level I and III secondary classes and the secondary level II class, and are based on a comparison between the percentages of students who performed badly, calculated in relation to the Centres and Inner Areas and the national total.

²³ National Register of Students' figures for the school year 2011-2012 were used for the purposes of data processing.

be exercised in a corporate mindset. The various institutional levels must work together to guarantee the rights of students, share and then achieve the specified targets.

Specifically, the following actions would be desirable:

- a) quality of teaching is a crucial factor in relaunching Inner Areas schools systems, greatly invalidated by the marginality of these areas and the consequent precariousness that often applies to the teaching staff. Those responsible for staff management must create the right conditions for reversing these trends, drawing up agreements, where necessary, that will guarantee job security for a certain number of years in exchange for an undertaking, an obligation, to stay for the same number of years in Inner Areas or deprived areas;
- b) young people in Inner Areas must have the same opportunities in terms of educational provision as young people living in the larger centres. Therefore the best solutions must be sought for rebalancing the number of territorial Institutions, leveraging and incentivising cooperation between Municipalities and also guaranteeing efficient local public transport that will help to bolster school attendance;
- c) a new agreement between Inner Area States and Regions (and students) must be set up in order to build the right conditions for loyal and profitable collaboration between the educational administration (regional education Office) and the Region (political and administrative level), putting young people's needs first. New agreements can represent great opportunities in Inner Areas, through dedicated coordinated interventions;²⁴
- d) in order to carry out their duties as institutions capable of inspiring a sense of citizenship in new generations (the culture of legality in areas with a significant amount of organised crime, for instance) and, more generally, of rebuilding the social capital of a territory, schools must be open to the surrounding social, economic and cultural realities and also rekindle relationships with adults. Schools can be ideal places for exchanges of knowledge and competences typical of formal learning environments, where these derive from experiences particular to local areas, trades and traditions. Virtuous circles can be set up that will valorise the knowledge and specific nature of typical local traditions and productions, offering opportunities for these to be revisited and repropounded in entirely different historical contexts (characterised, furthermore, by the widespread presence of new technologies and the opportunities they provide).

²⁴ The dirigiste approach must, however, be stamped out, while setting aside notions of localist self-sufficiency. Centres must cut down on – or better still renounce entirely - the trend towards managerial interference, and reharne their strategic duty to define objectives, set aside the necessary resources and welcome monitoring and evaluation tools.

IV.4 Mobility within and from the Inner Areas

The criteria of territories and housing settlements ‘remoteness’ from urban centres providing essential services is the crucial defining factor adopted in the conceptual construction of the perimeter of Inner Areas. The remoteness of these territories derives from their lower accessibility to citizenship services: data collated by the Department show that a citizen living in an Inner Area takes three times longer on average to get to a health facility with an accident and emergency department (DEA) than someone living in a central hub; four times longer in Southern Italy. There is slightly less difference in accessing educational facilities from Inner Areas, but more marked regional variability.

To avoid that remoteness tipping over into marginality, there is therefore a need to increase Inner Area accessibility to those essential services qualifying the concept of citizenship, education and health foremost. This can be achieved through two different, not necessarily mutually exclusive, sorts of action: a) bolstering and rethinking services in these areas; b) improving mobility from and within the areas, cutting the time taken to access the services available in the hubs.

Firstly, in each case, the calibration between the two alternatives must be based on careful cost-benefit analysis. Assumed that mobility services are a precondition for development, these differ from education and health services because they provide a service function; the latter, however, almost inevitably presuppose that the place of supply and place of consumption will be one and the same, the former implicate a spatial relationship, defined by origin and destination of travel. As a rule, the grounds for the latter include accessibility to the place of supply/consumption of the social services.

In regard to actions aimed to improve the mobility services, any preventative evaluation of supply-boosting mobility interventions ought, as a rule, to compare the benefit deriving from closer access to citizenship services with the inevitable cost, in terms of the associated environmental impact first and foremost. Given the fragility of typical Inner Area ecosystems, this *trade off* takes on particular relevance. On the other hand, the extraordinary progress in distance-learning technologies and telemedicine does mitigate, but does not altogether eliminate this contraposition, which is affected by the essential nature of interpersonal relationships between health workers and patients, and between teachers and students.

Two more specific factors characterize the mobility demand in the Inner Areas. Firstly it relates to the movement of both goods and people. Secondly, it highlights the distinction between internal mobility in each individual area and between adjacent areas and mobility to and from Inner Areas (i.e. originating or finishing in centripetal hubs).

These preliminary considerations lead to the identification of four basic criteria to help shape a mobility strategy for the Inner Areas, also in the light of subsequent meetings with stakeholders.

The first general criterion is the **environmental sustainability of the interventions**. A mobility strategy for Inner Areas capable of maximising allocative benefits must give preference to actions targeting existing facilities: there is therefore a need to prioritise *brownfield* above *greenfield*, improving the maintenance, conservation and security of infrastructure connection services, optimising and introducing greater flexibility into transport services so that they best respond to demand.

This prudential approach is also consistent with the well-known difficulty of converting and aggregating demand for individual transport into collective demand in areas where there is significant settlement dispersion. The collective provision of mass transport in sparsely populated areas would involve fixed costs and unsustainable variables given the levels of demand it could actually cater for. Integrated pricing, *on demand* services, info-mobility systems and other ITS applications, rehabilitating decommissioned or barely used routes to and from territories with good tourism and landscape potential are just some good examples of **flexible interventions** that could dovetail with the condition of economic sustainability mentioned above.

The second criterion concerns the need for **well coordinated territorial programming and transport planning**. The cohesiveness between these two actions for local decision-makers applies to both the programmatic content, and their synchronicity, in order to prevent the latter being forced to follow the former in emergency conditions, prefiguring solutions that are often financially unsustainable.

This synergy, which is fundamental to the definition of the interventions, must be based: a) on one hand, on the explicit identification of public transport criticalities related to movements from Inner Areas to urban hubs for work, study or service access purposes; b) on the other, on the identification of the main causes of the social costs deriving from a lack of flexible mechanisms in the management of collective transport in areas affected by weak demand. These considerations underscore the third criterion: **transport demand analysis** – for given service costs – and, consequently, an evaluation of the requirements as specific preliminary steps for strategic Inner Area mobility intervention.

The fourth and final criterion consists of encouraging, where possible and economically viable, the consolidation of pilot projects already implemented and in force that have produced good results: in terms of **modal shift towards collective transport** or in creating additional demand, minimising public contribution and triggering technological innovation. Some examples of such interventions can be found in the territories, particularly those carried out by the Provinces, delegated by the Regions to manage mobility in vast areas.²⁵

²⁵ See: Unione delle Province Italiane. *Ricognizione progetti nel settore della mobilità e trasporto extra urbano, mimeo*, May 2013.

While the provision of adequate transport service primarily constitutes a pre-requisite for the development of ‘marginal’ territories, it can also provide momentum for local growth. Identifying innovative solutions, both technological (network drivers and architecture), and managerial (flexible demand integrated transport services), is a big challenge for local development policy.

V. Second set of actions: Local development projects

V.1 Introduction

For the Inner Area Strategy to be translated into interventions capable of triggering development processes, we need to ask ourselves exactly what ‘Demand’ consists of. ‘Where will demand capable of generating the desired development processes come from?’ The answers to this question can be found in the ‘diversity’ characteristic of the Inner Areas and the processes of differentiation in consumer trends.

Every Inner Area has some kind of diversity to offer: lifestyle, air quality, food and human relations. We are living through a time when there is strong demand for specificity, as the Lancaster’s theory of consumer demand states - according to which, as prosperity grows, so does the demand not for ‘a’ tomato but for ‘that type of tomato.’ The same is true of all consumer goods. For various reasons, preferences are again becoming very diversified, despite the fact that the period we are living in is far from prosperous. When we consume, we also want to know, where whatever it is we are consuming, was produced, what symbolism is attached to the product, whether minors were exploited in its production, and whether it has travelled a great many kilometres, thus consuming energy and resources.

Interventions for triggering development processes in Inner Areas need, therefore, have to focus on these ‘specificities’, on latent development factors and on catalysing and major issues, also (but not only) linked to the consistent potential of hidden resources in these areas. Focal points on which efforts should be concentrated must be identified in order to obtain visible and measurable results within reasonably short timeframes, thanks to the joint efforts of available human resources and funds.

Manufacturing facilities already operating with some degree of success in Inner Areas supplying global markets with industrial products unconnected with local know-how, form part of this Strategy as co-interested allies working to improve socio-environmental conditions within the territory and the wellbeing of its residents. Policies bolstering competition and the adaptive capabilities of these manufacturers within their own reference markets do not fall within the remit of the Inner Area Strategy, which relies on these establishments for the modernising force they represent at local level. The significant number of industries operating in open competitive sectors can contribute to Inner Area development projects through some of their own resources, innovative human resources in particular, by taking cognisance of the territory playing host to them and taking on some of the responsibilities for actions needed to alter that territory. The dual nature of the Inner Area Strategy – which focuses on valorising existing resources in these areas with a view to development, while targeting territorial sustainability and protection – means that the focal points may be some of the following and not others (self-selection):

- a) Safeguard of local communities and territory;
- b) Valorising natural, cultural and sustainable tourism resources;
- c) Agri-food systems and local development;
- d) Energy saving and local renewable energy networks;
- e) Know-how and crafts.

V.2 Active protection of the territory and local communities

Protection of the Inner Area territory is now inadequate. The term protection – along with the term conservation – has been widely used in a restrictive sense, rather than in the sense of ‘**care of territorial resources**’. Moreover, we often forget that protection also encompasses ‘territorial security’, also a precondition – along with essential services – for combating land abandonment and demographic decline and relaunching development processes.

Safeguarding can only become effective and possible when carried out or supported or promoted by a **population resident in that territory**, capable of representing collective interests and becoming the ‘guardian of the territory’, adopting proactive behaviours and carrying out ‘daily actions’ rather than sporadic large-scale interventions. A population of this kind will possess the sort of knowledge needed for carrying out interventions and have the incentives to take action, as well as reaping the benefits.

In order to hand territorial protection back to local communities – and turn this protection into production processes capable of triggering development – the concept needs to be redefined by identifying some of the key words:

Maintenance of natural capital, i.e. the natural resources present within the territory and the processes that generate them. These processes may be either ‘natural’ or a result of human action (social capital);

Prevention. Preventing damage (hydrogeological, fire, loss of biodiversity). With regard to this, a non-intervention cost approach is particularly effective in flagging up two particular factors: non-intervention implies much higher costs – environmental, social and financial – than prevention; these costs will not just affect the local community but also those in ‘downstream’ areas, evidencing the close relationship between Inner Area protection and the development of other areas.

Resilience. Increasing the resilience of Inner Areas, especially as regards their relationship with ‘non inner’ areas. The environmental and economic crisis has shown that Inner Areas – with their considerable environmental, knowledge-based and production resources – are reservoirs of resilience ripe for future use, as relationships with less resilient areas evolve.

Adaptation. Managing adaptation and mitigation in relation to global change and its inherent risks. This refers to climate change (but not only) and to the need to safeguard local resources by preserving the responsibilities that derive from natural capital.

Services. Meaning protection in the fullest sense of the word, thus not just natural capital, but also the processes and responsibilities connected with it, and therefore the (ecosystemic) services provided. There is a need to assess (safeguarding) investments in the capital in terms of services rendered.

In order to bring together territorial protection, development and (living) labour – and ensure that territorial protection evolves from precondition to development process – swingeing change is needed. The following are therefore crucial:

- long-term investment in local Communities (sometimes even rebuilding them). Shared resources will deteriorate if insufficiently valorised and if they are disconnected from the energies and knowledge of people;
- investing in new energy, forest and food sector supply chains and eco-system services;
- handing back to these communities the management of and access to local resources (access to land, utilisation of water resources, constraint management);
- championing co-production of innovative services and reconnecting different types of areas, consumer areas and producer areas (eco-services).

New forms of *governance* must be pursued:

- turning positive externalities (largely involuntary) into services (voluntary activities);
- finding new forms of allocation of public environmental and landscape responsibilities for subjects within the territory (agricultural businesses in particular);
- setting up new forms of public/private co-*governance* to ensure complementarity between the local production of public assets (health, environment, knowledge) and private ones (value creation, consumer choice);
- establishing new associated management models for municipal activities (including the environmental field): Municipal alliances and conventions.

V.3 Valorisation of natural, cultural and sustainable tourism resources

Italy's Inner Areas enjoy a wealth of weather-related and natural biodiversity, which in turn have helped the spread and survival of an extraordinarily diverse range of agricultural products, brought to Italy in successive centuries-old waves (from the pre-Roman era, and then from the Middle East and South America). The dual nature of this diversity, both natural and then man-made, merged with linguistic, cultural and traditional diversity in different locations. In a period experiencing a fresh wave of globalisation, diversity of place and polycentrism play an increasing part in people's aspirations and development opportunities. Italy is particularly well placed: there is no need to strive for polycentrism – it just needs to be maintained.

The Inner Areas also appear to enjoy a wealth of natural and cultural resources. However, their valorisation is not always conducted with a view to sustainability, which remains the fundamental challenge when trying to combine market orientation, job creation and maintenance/protection of original heritage.

In the light of recent experience, one of the more interesting keystones could prove to be **natural tourism**, which has seen a not entirely satisfied growth in demand. Successful innovative planning methods have led to new and skilled forms of **youth employment**, recovery of the **artistic heritage** and **housing stock** of the innermost municipalities, the creation of alternative and integrative forms of income for local populations, and greater general awareness of territories that had formerly been completely off the tourist map. From this viewpoint, the promotion of extensive forms of hospitality (not necessarily linked to tourist or farm holiday facilities) in centres off the more common tourist routes has led to interesting forms of upkeep in villages, small towns etc. and to the preservation of the social fabric in these territories.

A second related local planning keystone concerns the cultural identity of the populations, an issue that has sparked various different interventions, particularly of an intangible nature, but often with extremely controversial results. **How best to tackle the issue of cultural identity?** Interventions that on one hand support local traditions and culture and promote them among a wider public on the other should be considered.

In order to achieve social, cultural and economic vitality, the populations in these territories need to be kept at levels high enough to prevent 'implosion'. No less important are age structure and family structure. The population of Inner Areas tends to be very elderly, with various and significant consequences:

- a) when the proportion of the elderly and very elderly population (over 65) accounts for over 30 percent of the population, it is said to be at a 'demographic point of no return', in the sense that it lacks the endogenous capacity to survive; it would take substantial immigration from outside the area to trigger a process of demographic vitality;
- b) with such high numbers of elderly and very elderly people, the provision of a widespread and appropriate care system becomes a priority;
- c) houses grow old along with their inhabitants, leading to the creation of housing *stock*, often larger than required, lacking any assurance of crucial upkeep, leading to significant deterioration in older properties.

Territories with elderly, sparse populations, hilltop and mountain populations in particular, are not always adequately taken care of, leading to the possible serious hydrogeological instability with which we are all so well acquainted. In these situations, the only means of demographic and economic revitalisation are:

- a) retaining the youthful population in situ, valorising them as repositories of territorial historic and cultural heritage, by giving them valid reasons to stay. Setting up local systems to improve daily life on one hand, and existing networks on the other, should constitute attractive preconditions for making young and adult populations want to stay;
- b) attracting a young foreign population keen for social and financial affirmation; the requisite process of integrating immigrant populations should be carefully thought-through and followed up;
- c) encouraging the setting up of successful immigrant *joint ventures* with relatives or friends back in their homelands. Naturally this sort of strategy calls for excellent mobility and strong human and trade exchanges around the Mediterranean;
- d) encouraging local young people to set up manufacturing and trade cooperatives, as well as care and treatment cooperatives.

V.4 Agri-food systems

The Inner Areas have a wealth of excellent area-specific agricultural production, and a strong market following. The typical nature of these productions stems from the connections between territorial skills and production techniques, and is often accentuated by the fact that the agricultural products are processed in the areas in which they were produced. Foodstuffs from these areas thus become cultural assets and part of the local identity. This has informed the development of local markets and other financial activities, bolstering links with *extra*-local markets and with consumers in national and foreign urban areas. The combined effect has seen local economic and social operators taking on greater responsibility for managing natural and environmental resources, being resources common to several different activities (agriculture, tourism, trade etc.). This awareness has bolstered the mobilisation and the protection of local resources, especially those connected with the agricultural and agri-food systems.

Various, albeit limited, innovative forms of local planning have surfaced over the last few years, which have managed to blend increasing market-orientation, creating **new types of employment** and **maintaining the wealth of local biodiversity** that is the main source of these productions. Sourcing outlets beyond just the local market, with consumers in urban areas, has been one of the keystones of this process of innovation, led by some particularly shrewd engineers and entrepreneurs capable of spurring on other local businesses.

The opportunity to build up direct producer/consumer relationships (short supply chain) through new marketing channels and tools (ranging from producers to purchasing Groups, to *on-line* sales with delivery direct to the client) has enabled producers to recoup part of the loss of income caused by the falling prices and changing tastes dictated by the financial and

economic crisis, and to take products traditionally limited to local markets or distributed via large-scale organisation (LRO) to new, more promising market segments.

The market consolidation of these supply chains, especially on *extra*-local markets, has given a new and more robust slant to the preservation and protection of autochthonous animal and plant species. It has also shown that the market, in its various segmentations, can, if well exploited, provide a better outlook for the various forms of support *tout-court* provided for under Community policy over the last few years. A third keystone lies in the **organisational methods** needed to steer and support supply chains through the necessary innovation processes, partnerships in particular, that call for **close cooperation between the primary production, transformational and marketing stages**.

A key factor in safeguarding and developing agricultural and agri-industrial systems in Inner Areas is the way in which procedural and product innovations are introduced and contextualised. This includes the use of new and more sustainable production, conditioning, transformation and marketing technologies for agricultural and food products. Partnerships, in particular, call for close cooperation between the various economic operators and research institutions and bodies and services offering technical assistance, consulting and training.

Increasing consumer awareness of production techniques guaranteeing food safety, the reproduction and rationalisation of the natural resources employed (*water footprint* and biodiversity), lower pollution (*carbon footprint*) and animal wellbeing now constitute competitive advantages for Inner Area productions and incentives to rehabilitate abandoned land, especially through extensive farming, and creating new employment opportunities for the highly-skilled.

V.5 Local renewable energy supply chains

The valorisation of energy resources in Inner Areas is a promising but controversial development factor. This ambivalence also resides in some of the same distinctive qualities in inner territories. These are contexts in which the use of renewable primary sources, sometimes available in great quantity, means impinging on vulnerable ecosystems and on context where satisfying local energy demand has to contend with a fragile built heritage, shaped by anthropic settlements, often of very ancient origin; in which climate impacts on thermal energy demand to a greater extent than on demand for electricity, and accentuates temporal variability.

The systemic nature of energy limits the degree of freedom in designing a development strategy for Inner Area energy. The three most salient contextual factors are: a) the role played by standard, predominantly sectoral policies; b) opportunities to exploit territorial potential using modern energy conversion technologies; c) basic energy sector trends with

the greatest impact on Inner Areas. These variables represent both constraints and opportunities.

A fundamental guide for standard policy in this field is the National Energy Strategy (SEN), approved by the joint Ministries of the Environment and Economic Development Decree of 8th March. The SEN identifies energy saving and renewable energies as two of the seven key actions for pursuing the four strategic objectives of cutting energy costs, decarbonising the economy, bolstering supply security and an upturn in growth by 2020. The primary requisite for energy sector projects for Inner Areas therefore has to be absolute consistency with the SEN.

The lever for improving energy efficiency will mainly concern projects for upgrading the public and private built heritage that aim to optimise energy services; a major role could be played by interventions to transport systems, especially *extra-urban* TLP fleet vehicles – geared to engine upgrading/conversion – and to waste management, in terms of reuse and valorisation, consistent with the guidelines set out in the new European directive on energy efficiency.²⁶

The most suitable types of **energy conversion** for valorising the specific qualities of inner territories relate to agricultural and forest biomass. There is considerable unexpressed potential for thermal use, the exploitation of which is consistent with the national aim to satisfy 20 per cent of national demand through renewable sources. Local biomass plants are well placed to supply dedicated, small scale thermal plants²⁷ as they have the dual advantage of: (a) mitigating the logistical impact of transporting raw material between place of production and place of energy conversion; (b) being consistent with the ‘National Framework Programme for the Forestry Sector’, which provides for the active management of the woodland heritage and the recovery of marginal territories without credible alternatives for zootechnical or agricultural purposes. Energy recovery projects for animal waste and pruning residues and clippings, which yield the ‘double dividend’ of the post-production cycle being used to produce thermal or electric energy, will also be of interest.

Inner Area energy production projects need to show that they are forward thinking, innovative and credible, and capable of identifying **basic technological energy** system trends, increasingly characterised by decentralised architectures managed by ‘intelligent’ networks. As regards the development of so-called *smart grids*, some of the most promising solutions for Inner Areas consist of *decentralised energy storage* systems, small-scale ones in particular (with modest environmental impact and typically linked to low-voltage networks serving local communities) and so-called ‘short period’ energy systems (capable of absorbing

²⁶ Directive 2012/27/EU.

²⁷ This refers to the incentives provided for under Italy’s so-called ‘Conto Termico’: government funding for efficient renewable heating sources, (Ministerial Decree of 28th December 2012).

fluctuations in demand and short-term unbalanced loads), which help combat voltage instability, which leads to irregular supply, especially in rural areas and in Southern Italy. Changing to ‘intelligent’ modes of generating and distributing electric energy has the added benefit of encouraging steady digitisation of control and management systems, with obvious knock-on effects on infrastructures and professional skills in the territories concerned. In order to avoid losing the systemic advantages, developing *smart grids*, most practicably in inner territories with relatively high housing density, should go hand-in-hand with the federated management of local generating hubs.

There is one final consideration in regard to procedural governance. The systemic nature of energy calls for the involvement of interest-bearers in the energy and environmental fields in the operational definition of the Strategy for Inner Areas and the validation of the projects. This obviously applies to local operators, who will undoubtedly have useful suggestions and past experience replicable on a much larger scale; but first and foremost it applies to those responsible for sectoral policy at national level: the relevant ministries (Ministry for the Environment, Land and Sea [MATT], Ministry of Agriculture, Food and Forestry Policies [MIRPAAF] and Ministry for Economic Development/National Regulatory Authority for Electricity, Nuclear Energy, Renewable Energies and Energy Efficiency [MISE/DG-ENRE]), the sectoral regulator and national competence centres, such as the National Authority for New Technologies, Energy and the Environment (ENEA).

V.6 Know-how and crafts

The hidden territorial resources that can be called into play, on which this document focuses because of their ability to trigger development processes in Italy’s Inner Areas, also include so-called local skills, in terms of both their institutional and organisational development and the specific local traditional products with which these skills originated. Specifically, we mean those local artisanal abilities that for years have been the focus of institutional discussions as hidden territorial development factors. These are the characteristics that institutional, organisational and productive ‘know-how’ assume when decisions are made on whether or not a territory belongs on the list of ‘fortunate’ Inner Areas. These are areas which, despite being at some distance from development hubs, have been able to create opportunities for themselves over the years in terms of good living, economic growth and careful husbanding of resources, or those in which depopulation, the continuous drain of people, skills and economic activities, has produced and continues to produce feelings of loss and subordination in their inhabitants, along with a significant inability to imagine their future, that of their children and that of their own homes.

These trends are due both to the structural weakness of Inner Areas, in terms of distance, skills, and shortage of individual services, and to the extreme fragmentation of public policies implemented over the last few decades, that have failed to halt the decline of these territories. State intervention has often only favoured some aspects of local skill protection

and promotion, to the detriment of others, creating fresh and greater imbalances in production systems and actually fostering the very manifestations of structural dependency that they set out to combat. Interventions such as those geared to preserving specific artisanal skills, which, owing to a lack of innovation/support measures in the same production segments, have completely failed to steer these in the direction of the market, for instance. Equally there have been interventions geared to local competences that have not been followed up by labour market support for these new actors, or by adjustments to institutional cultures put off by the enormity of open markets.

Equally it is undoubtedly true that the success of many Inner Areas rests on the 'production of local, culturally-based goods', where these are products of cultural traditions rooted in history, while being very much alive and capable of contending with evolving demand and evolving markets and of generating wealth. Examples are the municipality of Maniago, specialising in blades, the municipalities in the province of Arezzo, specialising in gold jewellery and industry and Caltagirone, specialising in ceramics. These areas are distinguished by the fact that they produce a category of goods founded on a specific local tradition and sell these goods not just to small and exclusive client niches, but also to major market sectors. The close relationship between production and local culture means that the manufacturing (or material) culture inherent in these goods is rooted in a particular territory, from which they derive their identity and creative scope. In other words, it is the link between the environment and local society, its history, the production cycles within a community, and whatever makes the product a speciality that cannot be replicated elsewhere.

Given the changing international context, there is a need to work simultaneously on the questions of the integration, conservation and innovation of local knowledge in order to come up with new policies capable of triggering virtuous mechanisms, capable of achieving visible and measurable results within reasonable timeframes and capable of leveraging dedicated funds and human resources.

It seems clear, in fact, that there is a need to intervene jointly and simultaneously on all the salient aspects of local knowledge: on an institutional level, concerning the ability to take decisions and take the right decisions, on an organisational level, which concerns knowing how to create the proper strategies and tools to achieve results, and finally on a more technical/productive level. The ability to tackle these aspects simultaneously now appears to be the only possible means of intervention for breaking out of the underdevelopment trap holding so many territories prisoner.

Furthermore, successful Inner Areas have demonstrated that creating development founded on endogenous factors means bringing in highly innovative, often exogenous elements alongside the preservation or valorisation of a traditional artisanal activity. In order to prevent local productive cultures being merely identifying factors but becoming economic realities, there is a need for interventions geared to preserving local knowledge, supporting specific

capabilities, and also and especially for policies introducing innovative, modernising and hybridising elements at all levels of local knowledge.

In fact, no discussion of innovation in Inner Areas can simply stop at building competences: an ability to open up to the world, to find out what other territories are doing, and to build relational capital also needs to be factored in.

Lastly, there is a need to hand knowledge back to the territories, so that these particular skills can be transformed into future possibilities for those living in Inner Areas, enabling them to turn themselves around and find their places in an open world, through a process of continual re-elaboration. Training and schools, therefore, have a specific role to play in order for skills to be passed on and further developed, and to identify and build the elements that will supplement the capabilities that are missing locally, either because they have been lost or because they are inadequate.

VI. Governance

VI.1 Introduction

The more focused public action proposed by the Strategy provides the wherewithal for moving from a current scenario to a desired scenario. This sort of public action, it must be stressed, does not merely consist of interventions that could be made possible with additional resources; this particular national strategy is wider-ranging and involves many people at many different government levels, first and foremost those responsible for designing and managing the provision of education, health and mobility services for the segment of the population living in these areas.

The public intervention as a whole provides for the two axes described and financed by the Strategy:

- I. Specific public actions geared to ‘local development projects’ financed by Regional Operational Programmes (ROPs) with **Community funding** 2014-2020 (but also, where practicable, through the Development and Cohesion Fund) on the basis of a joint strategic framework set out in the Partnership Agreement.
- II. Standard sectoral policy interventions (defined at various levels of responsibility, national and regional), funded primarily by additional national resources (cf. Stability Law 2014, Title II, Art. 3, paras. 2-4, currently going through Parliament), for shaping the provision of essential education, health and mobility services.
- III. These actions can be supported by national measures of a fiscal or insurance nature, or of other kinds requested and supported by more than one party and which would serve as complementary operational tools, possibly crucial to the success of the Strategy.²⁸ These consist of interventions not currently receiving funding. In

²⁸ As regards the other national measures, the following were flagged up and discussed:

- a) Tools (fiscal or other kinds) that discourage the use of land at greatest hydrogeological risk, compensating for the fact that factors such as thermoregulation, land stability and groundwater recharging do not take on market value (because they cannot be internalised).
- b) Promoting, by means of differentiated fiscal instruments, extraordinary maintenance, restoration, anti-seismic adaptation, energy efficient buildings by applying the principles of bio-architecture;
- c) More generally, introducing consistent fiscal legislation;
- d) Mandatory insurance cover against natural disasters. Introducing this tool, which should undergo robust information disclosure, would flag up clear drivers for the location of buildings and construction criteria by means of price signals;
- e) A new institutional architecture that would provide for different regulations for metropolitan cities and Inner Areas and, with reference to the latter, recognition of the greater autonomy and flexibility of the institution of municipal partnerships;
- f) Careful thought as to alterations to legislation on civic usage, woodland use, state-owned areas and parks;
- g) Taking advantage of the flexibility clause in the Stability Pact, drawn up by the European Monetary Union for co-funded municipal investments.

this regard, interesting opportunities for those areas that fall under the *de minimis* aid regime should be flagged up.

VI.2 Governance of the funded actions

Pursuant to the objectives of the Strategy, the intervention will contain three powerful innovations. It will apply to a limited number of areas to begin with. It will be national in scope and will therefore involve action at all government levels, input from the various available European funds, and ordinary intervention from Municipalities, Regions and central government. It will involve binding timeframes, close open monitoring of outcomes and comparison of the various experiences. The initial selection of just a few project areas – one for each Region where conditions are ripe – including multiple Municipalities (including those straddling more than one Province or Region) will be undertaken by the Regions according to shared general criteria and constructive mapping (as a reference framework, not as ‘zoning’). Current demographic, production and land use trends will be evaluated by a combination of indicator analysis and field studies, along with potential and planning and implementation capabilities in the identified intervention areas: safeguarding the territory; valorising natural and cultural resources and tourism; agri-food systems; know-how and crafts; energy saving and local renewable energy supply chains. Finally, the quality of education, health, connectivity and mobility must be assessed, along with the genuine possibility of providing them with adequate *standards* of supply.

In agreement with the Regions and central government, a limited number of prototypes will be launched in 2014 (one per Region, if possible), ensuring that the initial phase of the Strategy is ‘played out’ with project areas at a time when they are most needed and most likely to succeed. This selective approach, very different from the past, will be in the interests of all the Inner Areas, because the rolling out of the Strategy will be linked to the outcomes of this initial phase, duly assessed.²⁹

Local development interventions in the selected project areas will be financed by all the available Community funds (ERDF. ESF. EAFRD. EMFF) and will prioritise the fields of intervention below, identified by the Strategy. Assuming the concurrent undertaking of all the various funds is assured –the improvement of essential health, education and mobility services will be financed by the additional resources provided for under the Stability Law (Title II. Art. 3. para. 2-4) and other resources, and carried out by central Ministries, Regions and Provinces, according to their respective areas of responsibility.

²⁹ The Regions have the right to include more than one area in their Programmes (a limited number) – in which they intend to carry out interventions during the second and third phase of Strategy implementation. Clearly, each Region will still be able to fund projects – of different kinds – in areas defined as ‘inner’, through their own programmes, but these will not count as ‘National Strategy for Inner Area’ projects.

Possible examples are: the reorganisation of educational facilities, i.e. the creation of new high quality facilities in barycentric positions within the areas, replacing antiquated and inefficient facilities in individual locations; the reorganisation of health provision in order to guarantee rapid emergency services and closer patient access to diagnosis; adjustments to transport services, with particular focus on accessibility to the railway network.

At the same time, the central Administrations will set up open monitoring of the characteristics and efficacy of these services, and of the foreseeable impact of the new rationalisation measures on all the Inner Areas.

The national scope of the Strategy is also underscored by another provision. Municipalities included in each project area will set up appropriate forms of service partnership (or, where they deem necessary, associations or mergers) to ensure the long-term sustainability of the Strategy and capable of harmonizing their ordinary functions to the funded local development projects.

The package of interventions will be formally recognised by appropriate Framework Agreements between local Bodies, Regions and central government Administrations. The project areas and relative Agreements will become part of a federation of projects for Inner Areas, which will provide multiple services: ongoing monitoring and assessment of timeframes and outcomes; comparison and assistance with criticalities; access to a database of practices; sharing indicator system progress; comparison with ordinary policy actions.

A report on the work achieved thus far will be drawn up in autumn 2014. This will inform the necessary decisions on carrying the Strategy forward and any relevant modifications. An agreement between all the parties and the cooperation of the National Statistics Institute (ISTAT) will ensure ongoing updating of the basic map-building statistics, and the area selection and Framework Agreement indicators.

Role of the institutional levels

The **Regions** manage both the Regional Operational Programmes (ROP) and the Rural Development Programmes (RDP) and are, therefore, the key funders of the joint Strategy initiatives, and of the local development projects inter alia. Because of their proximity to the territories and because they handle crucial Strategy implementation material (running regional and territorial programmes, health), the Regions kick off the selection process and propose project areas on the basis of the shared criteria. They also decide the total amount of funding (ERDF; ESF; EAFRD) to be devoted to the Strategy through ROPs and RDPs, flag up the strategic objectives they intend to pursue and the financial resources set aside (dedicated percentages and variables, for various axes, a dedicated axis, Integrated Territorial Investment [ITI] allocation etc.) and clear reference to the project timeframes. Lastly, in regard to health and transport in agreement with the Centres and using additional or their own resources, the Regions will carry out essential health and mobility service interventions (interventions that will improve the territorial organisation of health services and local public transport systems,

cf. sections 3.2 and 3.4)³⁰. The Regions will take part in the Federation of Projects with Area Projects (pilot projects) – to be discussed further on.

The **Municipalities** are the base units for the policy decision process and, as **aggregations of adjacent municipalities** – local intermunicipal systems – provide the institutional space for the production of services and development project implementation. As aggregations, they apply to become the prototype projects at regional level.

Moreover, the prevalence of small sized Municipalities in the Inner Areas suggests that associated municipal organisations (more or less formalised) and/or consortia are crucial to the organisation of services within the territory. Municipalities that will take part in the Strategy in associated form will have to prove that they are capable of looking beyond their own individual confines, as regards the **associated management** of essential services crucial to the Strategy (mergers).

The Provinces are major interlocutors, from a multilevel *governance* standpoint, in regard to those services calling for ‘vast area vision’ that fall within their remit – mobility for instance.

The **Centres**³¹ will agree the selection of project areas with the Regions and the prototype with which each Region will launch the Strategy in 2014, guaranteeing consistency of criteria. They will draw up and implement the interventions required to make alterations to services through binding agreements. They will ensure the Regions agree with additional health and local transport interventions; monitor the ongoing implementation of the Strategy and encourage comparison and experiential learning, guaranteeing the effectiveness of the project area Federation. They will carry out specific (and limited) activities of an experimental and methodological nature.

The **Centres and Regions** – together – will guarantee ordinary integrated policy on the provision, management and quality of health, education and mobility services and take on appropriate connectivity interventions.

The Project Framework Agreement

The set of interventions planned for each project area as part of the Strategy for Inner Areas take the form of Area Projects, corresponding to the selected areas with targeted spheres of intervention. The tool for implementing the Area Projects and taking on specific undertakings (drawing up the project, its functioning and deadlines) by the Regions, Centre,

³⁰ In some cases, Structural Funds may be used for interventions to services within the limits of eligibility and under the heading of standard interventions from a programming and regulatory point of view.

³¹ The Centres are the groups of central powers that will work together cohesively to allow the Strategy the assurance and focus of a ‘national outlook’, which will benefit the territorial communities concerned, along with continuing and constructive dialogue with the regional and interim territorial powers.

Municipalities and Provinces is the **Project Framework Agreement (PFA)** – undersigned by the Regions, Local Bodies, Central Coordination Administration and other dedicated Administrations. Recourse to the PFA is necessary in order to be able to work with the contact people and facilities that handle the matters in question – whether this concerns a local development axis or a service axis. Municipalities and private bodies may find it helpful to give their projects – whether existing or newly set up - an institutional slant, with recourse to Community-Led Local Development (CLLD) (cf. Box 3). In this event, this tool will become part of the PFA, contributing to the objectives of the Strategy (cf. Matrix for selecting Inner Areas, annexed).

BOX 3 – PLANNING TOOLS FOR USE IN IMPLEMENTING THE STRATEGY FOR INNER AREAS

PFA. *A negotiating tool that will enable regions, local bodies and other parties to agree on sectors and areas in which territorial development interventions are to be carried out (cf. pre-requisites section). The PFA has a Coordinating Committee (composed of the signatories); a Technical Secretariat (led by the coordinating Administration, with input from members of local Administrations); a Team of Experts (specialising in and working in the intervention field). The PFA must provide the requisite regulations for adjustments needed to fully apply the National Strategy for Inner Areas. Identifying solutions for providing the Coordinating Committee with effective decision-making tools is crucial. Use of PFAs does not preclude the use of other legislative tools (ITI/CLLD) when implementing individual projects. These must, however, form part of the Framework Agreement.*

PFAs³² must be geared to achieving the objectives set out in the National Strategy (improving services and quality of life; safeguarding the territory; economic development and valorisation of local resources) – and will be the places where the undertakings in the matter of services will be rendered operational and concrete.

The Regions concerned – in collaboration with the Central Coordinating Administration – will undertake to ensure – amongst other things – that the Area Project objectives are achieved and their consistency with the objectives of the National Strategy for Inner Areas respected.

CLLD (Community-Led Local Development). *This is a tool provided for under Community legislation and specified in the Partnership Agreement for pursuing integrated local development objectives at sub-regional level, and prioritises local community input. This tool is particularly suitable for initiatives/activities/projects based on the involvement of private bodies (e.g. agri-food supply chains; safeguarding/managing forestry interventions; local development and SMEs etc.). In regard to Inner Areas, it is important for CLLDs also to be involved in improving access to services to individuals (public transport for students, social inclusion for specific deprived groups) and activities for social innovation. CLLDs will be selected by tender, and gradually associated with the other initiatives, also through their contribution to the Project Framework Agreements (PFA).*

ITI. *A tool that enables territorial strategy to be implemented in an integrated manner, using funds from at least two different priority axes, which are part of the same or other programmes. This tool allows for targeted pre-allocation for different axes and programmes; it can be implemented at any sub-national level; it can be single-funded or have a combination of ERDF and ESF funding or integrated financial support from the EAFRD and EMFF. It is a particularly interesting tool for infrastructural interventions and public works, such as the rehabilitation of river basins, and broadband and intelligent network interventions.*

³² A technical appraisal must be carried out, to ensure that the PFA will guarantee maximum flexibility and a streamlined decision-making mechanism.

It provides for the possibility of single or multifund pre-allocation for specific sub-national territories; it provides for the delegation of implementation (cases in which the Region may be interested in delegating an Inner Area ITI to a lower level are possible); interesting where inter-regional projects and/or projects concerning river basins are concerned. If used, ITIs will be specified in the Partnership Agreement (if the Country intends to use these) and in the programmes. Unlike CLLDs, they do not specify any particular role for local Communities and/or participation mechanisms.

The Federation of Project Areas

The project areas proposed by the Regions, in agreement with the Centre, that become the focus of Project Framework Agreements, become part of the National Strategy for Inner Areas in that they rely on the services of a ‘National Federation of Inner Area Projects’.

The Inner Area Federation serves to promote and facilitate the outcomes of the Strategy through the sharing and comparison of experiences relating to its **method** and **merit**. This can be achieved without identifying an overarching figure, but by putting together a ‘federation of projects’. This could provide an opportunity to build and then use a **platform of knowledge and competences**.

Membership of the Federation is not conditional on how project funding is achieved: these are projects that might be funded by regional policy (ROP) or agricultural development policy (RDP), or the fund for regional development (FRD), and also by ordinary funding deriving from other sectoral policies. This is not the same thing as the old concept of technical assistance, rather a platform for the exchange of information. The biggest advantage of this tool is that it brings individual projects out of isolation and enables the actors to progress them, while implementing and innovating the Strategy ‘with and as part of the Federation’.

The Federation will also guarantee an exchange of information on other Inner Area development projects pursuing the same objectives. It will rely on a reference infrastructure into which the projects can be inserted and become visible, and a specific competence infrastructure with which the project actors can interact. Within the ambit of the Federation, the various projects will be able to compare themselves with the others – and also assess their approach to achieving the National Strategy objectives.

In a nutshell, the Federation will:

- provide access to services that will provide know-how in the field of Inner Areas (territorial analysis methods; statistics and maps; evaluation methods; planning management and evaluation abilities; others);
- allow participation in a circuit of information and take advantage from being part of the Federation in term of reputation;
- provide opportunities to meet and exchange knowledge on key Inner Area development issues;
- create opportunities for exchange/twinning with areas working towards similar objectives. Strategy communication activities within the territories.

With regard to the final point, in order to valorise all the interesting “experiences” already existing (recognising that the Strategy doesn’t start from nothing) and that these already constitute responses within the Inner Area territorial challenges, a multimedia platform will be provided, on which these experiences can be logged and discussed.

VI.3 Fair application of the innovations contained in the Document ‘Methods and Objectives for the Effective Use of EU Funds 2014-2020’

The ultimate Objective of the Development Strategy – given that it is a necessary condition for its success – is to bolster the demographic makeup of local Inner Area systems. This can be achieved through demographic growth, by increasing the presence of immigrants of working age or by a hike in the working age population. The Inner Area contribution to stabilising the inertial demographic dynamic of local systems therefore becomes a basic criterion for assessing the likely impact of local development projects.

The starting point for building the Development Strategy for Inner Areas is, therefore, the distinction between the concepts of local and national objectives – and it is bound by the obligation to pursue them both simultaneously. This distinction gives operating status to the Strategy, which is obliged to pursue local objectives and systemic objectives at the same time. The latter can only be achieved when the former are clearly targeted, but the Strategy clearly states that this is not in itself sufficient.

Local objectives can be formulated as follows:

- a) increasing the wellbeing of the local population;
- b) reconstituting and consolidating the vitality of local communities;
- c) bolstering specific local development factors and objectives connected with the field of intervention.

National objectives can be formulated as follows:

- a) increasing employment (and the population);
- b) redeploing unutilised territorial capital;
- c) cutting social costs (hydrogeological structure; land maintenance; protecting biodiversity).

The indissoluble interdependence between national perspective and local perspective derives from the fact that each of the objectives has to be pursued bearing in mind the interaction between national interventions or interventions of national scope (e.g. national education policy; national and regional health policy) and local interventions (local development projects).

These objectives will be measured at pre-set intervals by one or more ‘performance indicators’. These form an integral and binding part of the programme commitments. *Target* values will be assigned to these indicators. However the correct tie-in between the expected

outcomes of the Strategy, the results expected of the programmes and the results expected of the individual Area Projects must be achieved. The expected standard and additional policy actions must be clear and detailed. Precise timeframes for the implementation of Area Projects must be fixed. As set out in the methodological documents forming the background to this strategic and operational approach,³³ the three innovations (Outcomes, Actions and Timeframes) will not work without another two requisites: Transparency and opening up the information generated by the innovations (Federation activities will also contribute to this); and bolstering opportunities to mobilise the interested parties and the partnership. Clearly, active local partnerships that are informed and proactive are at the heart of the National Strategy for Inner Areas.

All Area Projects must provide for ongoing Assessment (and therefore funding for the gathering of relevant information/statistics). Timeframes for triggering significant development process trend reversals in particular areas can be very lengthy. It is crucial, therefore, to clearly define the expected outcomes within a set timeframe. This need not necessarily coincide with structural fund deadlines, as long as feasible, monitored and verifiable interim objectives are set and cohesively inserted into a broader programme. To this end, development projects must allow for space for assessment (including self-assessment).

VI.4 Planning approach and pilot projects

The operational Strategy for Inner Areas is not a closed national Programme, confined to certain resources. Nor it is an inconsistent set of different projects. It aims to represent a community of parties interested in planning experiences, inspired by a strategy and shared objectives, and for building a common feeling for the course of actions needed to tackle and interpret the Inner Areas issue, albeit through a variety of concrete solutions.

Planning packages will be put together onsite and therefore the prime actors are the territorial communities and their interim and regional contacts. They will only become wider ranging where there is a powerful strategy, real intent and national scope.

The Regions and other territorial actors will proceed with the pilot projects (i.e. those relating to the initial implementation stage of the Strategy). The Centre will invest in a 'Method' for a few 'pilot projects'. These projects, although territorial and *location specific* in approach - therefore respecting the individual vocations and potentials of the territories – will consist of a limited number of themed strands: territorial protection and management; valorisation of natural and cultural resources; renewable energy; agricultural and agri-food systems; know-how and crafts.

³³ Cf. Methods and Objectives for the Effective Use of EU Funds 2014-2020. Ministry for Territorial Cohesion, 27th December 2012.

In order to assess the feasibility of setting up innovative interventions in Inner Areas, the Centre will carry out various experimental and methodological activities, communicating the state of progress and outcomes within the Federation, thus also contributing to the progress of other regional interventions. The experimental activities will take two forms: associated with a project under construction; action/research projects.

BOX 4 – PROJECT APPROACH

Pilot Projects: *these are real and concrete projects that strive for change through new solutions, with a view to better understanding objectives and mechanisms geared to concrete construction and implementation. Pilot Projects will be turned into a certain number of Programme Framework Agreements (one per Region initially), relating to at least two of the identified thematic strands, working with the contact people and structures handling the project intervention issues at local, regional and Central level – concurrently with issues relating to essential services (Education; Health and Mobility).*

*These projects will be built – on the initiative of the Regions – by means of negotiating tools such as the PFA which – issue by issue – will see the most relevant and interested Administrations greatly involved (Ministries; Regions; Provinces; Municipalities and/or other Municipal Association), with the explicit intention of ensuring that these projects **tie in with standard policies for essential services**. The Pilot Projects will be selected in collaboration with the Regions and the National Association of Italian Towns (ANCI) and the various other interested and competent bodies.*

Association with a project under construction. *This means taking part in autonomous planning initiatives, in their most complete sense and implementation, providing feedback and ensuring support throughout, right up to their completion. The Department for Development and Cohesion has launched a territorial co-planning operation. A number of bodies applied, expressing the need for support or just for comparison. The Department, along with the Administrations belonging to the Technical Committee, will be able to ‘accompany’ some of them (two in 2014), to ensure that these projects will also bear the requisite characteristics and thus be allowed to become part of the Federation – subject to approval from the Regions to which they belong.*

Action Research Projects. *These Projects are knowledge-based, providing for research involving real and interested parties and drawing up operational solutions for determined issues that – while important – have not yet been sufficiently approached from a Research perspective. Active research projects will be set up, characterised by: cognitive pilot aims; streamlined, field-based research groups; close iteration with the different territorial structures within the selected areas.*

Annex I - Matrix for the Selection of Inner Areas as part of the National Strategy for Inner Areas

Statistical and Descriptive Analysis

State and criticalities of local development

- 1) Distance from essential services: maximum percentage of the population belonging to 'Inner Areas' as defined by agreement.**
- 2) Demographic structure and dynamics**
 - population dynamics
 - number of residents
 - number of elderly people
 - population by age bracket
 - immigrant presence in the various areas
 - other, accompanied by qualitative information (such as sign of worsening over the last three/five years); 'fake residencies'.
- 3) Land use criticalities (quantitative and qualitative aspects).**
 - UAA trends
 - forestation/deforestation processes
 - hydrogeological instability
 - landslide and seismic risks
- 4) Cultural and environmental heritage**
 - protected Areas
 - European Community Interest Sites (SIC) and Special Conservation Zones (ZPS)
 - cultural heritage
 - decommissioned places or public spaces of historical and cultural interest in disuse/unused
- 5) Production structure**
 - Local Units and Staff in the various sectors
 - Culture and tourism: demand (visitors, arrivals and presences)
 - Culture and tourism: supply (hospitality establishments, bed numbers, art and antiquity attractions)
 - Criticalities and real possibilities of relaunching manufacturing activities
 - Business start-up/mortality dynamics (and life cycle of terminated businesses) with particular focus on sole traders and artisan businesses.

State and criticalities of essential services

6) Education

- distribution of educational facilities
- pupil registration *trend* during the timeframe under consideration (rather than pupil flow rate)
- number of foreign pupils;
- drop-out rates
- number of teachers on permanent and fixed-term contracts
- average teaching age
- teacher mobility
- qualifications
- school transport organisation
- number of adult education facilities

7) Health

- hospital network and reference points for health provision and distribution of the territorial health network, with particular focus on:
 - Primary assistance and partnership models
 - Specialist out-patient services and multifunctional health facilities
- presence of pharmacies offering optional services (such as blood pressure measuring, quick blood tests etc.)
- presence of first responder facilities (responding to white [not critical] or green [not very critical] codes) and links to emergency/urgent services

8) Local transport

- accessibility to a rail network (station)
- accessibility to a motorway network (toll)
- accessibility to an airport hub
- accessibility to a maritime hub
- (provincial) road network within the Inner Area
- LTP rail service provision
- intermunicipal LTP road services
- recognition of existing mobility (rail or road) planning tools (regional, provincial and intermunicipal)
- existence of tools for service provision or user support monitoring (service information portals, integrated booking and ticketing systems, etc.)
- information on the orientation of or potential criticalities in the processes for the award of local mobility service contracts

Municipal Partnerships

9) Service associations or Municipal partnerships: state of the art and availability signals

- Presence of Municipal Partnerships (and relative functions)
- Presence of Conventions / Consortia (and relative functions)
- Ability of Municipalities to cooperate in implementing social policies
- Presence of a Zone Plan (*a planning tool for identifying intervention targets in social areas and where synergy between social and health services is required*). In particular:
 - integration of social and health spheres;
 - involvement of different territorial operators in drawing up the plan and service management (local health authority [ASL], health districts, schools, municipal partnerships, non profit organisations...);
 - analysis of needs and service intervention areas (infancy, adolescents and young people, the elderly)³⁴.

Qualitative Analysis

10) Potential of the 5 Strategy intervention areas

- Assessment of the ability of the 5 Intervention Areas identified to trigger sustainable and durable growth processes
- Presence of resources not fully utilised with respect to likely demand development scenarios
- Opportunities for creating local supply chains

11) Subsistence of valid local development projects in the 5 areas

- level of territorial planning achieved: existence of sound, significant and sustainable experience
- project fragmentation versus existence of a territorial and cohesive development strategy
- transformation of project experiences into systemic solutions
- innovative planning abilities and experimental capabilities
- presence of previous project experiences, significant because of their ability to and method by which they involve inhabitants and their relationship with the institutions

³⁴ Isfol, the Italian national research institute with a specific focus on vocational education and training, employment and social policies, is available to working parties for information on their monitoring of Area Plans.

12) Actual or potential leadership of one of the Municipalities concerned

- Presence of active and enterprising Mayors
- Leadership recognised by the local Community

13) Management abilities

- Ability to identify intervention priorities
- Ability to carry out innovative readings of territories
- Resources and quality of Human Teams available to Municipalities
- Ability to jointly manage functions and services
- Presence of local Communities active in service management, territorial protection and 'trade' preservation.

14) Other...

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