



A NEW LABORATORY FOR INTEGRATED RURAL DEVELOPMENT AND SERVICE INNOVATION

The Strategy for Inner Areas is one of the most comprehensive and integrated strategies for tackling the problems of depopulation and low access to services in Europe. All four European Structural and Investment Funds are combined with national finance to support strategies for both local development and service innovation in 72 pilot areas. A targeted investment of around 1 billion EUR is planned, using a 'place-based approach' which brings together different sectors and levels of government. Associations of mayors are usually in the driving seat while LEADER Local Action Groups can play a variety of roles, ranging from supporting project design to implementing directly EAFRD measures in the area.

Introduction

In the 2014-2020 programming period, Italy has put in place a new integrated policy called the National Strategy for Inner Areas (NSIA). This policy applies to every region and macro-area in Italy and aims to contribute to the country's economic and social recovery, creating jobs, fostering social inclusion and reversing the demographic decline of Inner Areas, in terms of both population size and age profile. The implementation process builds on previous experiences of local development in Italy, and is being supported by all the main EU funds, as well as dedicated funding provided for under the Stability Law (national funds).

What are Inner Areas in Italy?

Italy's Inner Areas are rural areas characterised by their distance from the main service centres (education, health and mobility)⁽¹⁾. According to the latest census, Inner Areas make up 53% of Italian municipalities (4 261), are home to 23% of the Italian population (13 540 000 inhabitants) and cover 60% of the national territory. Within the definition of Inner Areas there are also marked differences, however, with peripheral and ultra-peripheral areas being the priority focus for policy interventions.

The demographic and agricultural profile of Inner Areas is notably different from the average profile emerging at the national level:

Table 1.

Demographic and economic variables of Inner Areas in Italy

Demographic and economic variables	Inner Areas	Italy
Population change rate (1981-2011)	-6.1 %	4.8 %
% population over 65 years (2011)	22.1 %	20.8 %
Immigration change rate (2001-2011)	213.3 %	201.8 %
Digital divide (% population connected to broadband > 20 mbps)	46.0 %	65.0 %
Agricultural employment (1981-2011)	-52.4 %	-42.3 %
Utilised agricultural land (1982-2010)	-27.0 %	-23.0 %
Average farm production (EUR, 2010)	18 890	30 514
Farm land productivity (EUR, 2010)	1 899	3 847

Source: Italian Census and Farm Accountancy Data Network

Demographic decline and population ageing is more pronounced in Inner Areas than in the rest of Italy, although it is counterbalanced by a strong growth in immigration (which doubled in the last decade across all regions). Farm abandonment and unused land is also a bigger issue in Inner Areas, due to lower land productivity in these areas. Economic productivity and the quality of services in these areas is also affected by the digital divide.

Despite these negative characteristics, Inner Areas still contain important environmental resources (water, high-quality agricultural products, forests, natural and human landscapes) and cultural assets (archaeological

¹ Essential service centres are those municipalities able to provide simultaneously: schools with a full range of secondary education, at least one grade 1 emergency care hospitals and at least one Silver category railway station (medium/small systems with an average degree of uptake for metropolitan/regional services and short-distance journeys).

assets, historic settlements, abbeys, small museums, skills centres). They are also extremely diversified, as the result of their varied natural systems, and centuries' old settlement processes.

The strategic approach to Inner Areas: how does it work?

The national strategy is based on four main innovations, which seek to develop and improve participatory processes in rural areas.

The first policy innovation involves parallel improvements in the provision of essential services (primary and secondary school and vocational training, local mobility and transports, healthcare and medical services) while at the same time promoting local development initiatives in five key fields:

- a. land management and forests;
- b. local food products;
- c. renewable energy;
- d. natural and cultural heritage; and

Four innovative features of the National Strategy for Inner Areas

1. Parallel improvements in services (mainly through national policy) and investments in selected development factors (involving EU funds).
2. A national dimension and multilevel governance (National Administrations – Regions – municipalities and inter municipality cooperation together).
3. Multi-fund approach (EAFRD, ERDF, ESF, EMMF together with National Funds).
4. Participatory approach to local development.

- e. traditional crafts and SMEs.

Secondly, Inner Areas are a national priority, but the strategy is conceived and implemented within a multi-level framework, involving national, regional and local tiers. Local communities are essential in this process: they can interpret the characteristics and complexity of the local population and territorial capital and turn them into projects, stimulating innovators that already exist in some Inner Areas. Removing the obstacles to essential services and local development can only be achieved with effective integration of national and local action.

The third innovation is the multi-fund approach: local development interventions in the selected project areas will be financed by all the available European Structural and Investment funds (ERDF, ESF, EAFRD, EMFF), through the regional programmes, and by the National Stability Fund. The participation of European funds is mandatory for the approval of the local strategy.

The last innovation is local participation: the local strategy is elaborated by a group of mayors and requires cooperation between the municipalities involved in the project area. They have to work together in managing services for their communities, and also in designing and managing the strategy.

The local strategy is designed using a standardised procedure which involves local actors, starting with draft ideas, moving to a preliminary strategy and ending with the final approval and formal agreement by all the main actors.

The strategy is formalised by a framework agreement, signed by all national, regional and local authorities involved. In the first two steps, the contribution of local innovators is facilitated by means of focus groups and scouting activities organised by the National Committee for Inner Areas.

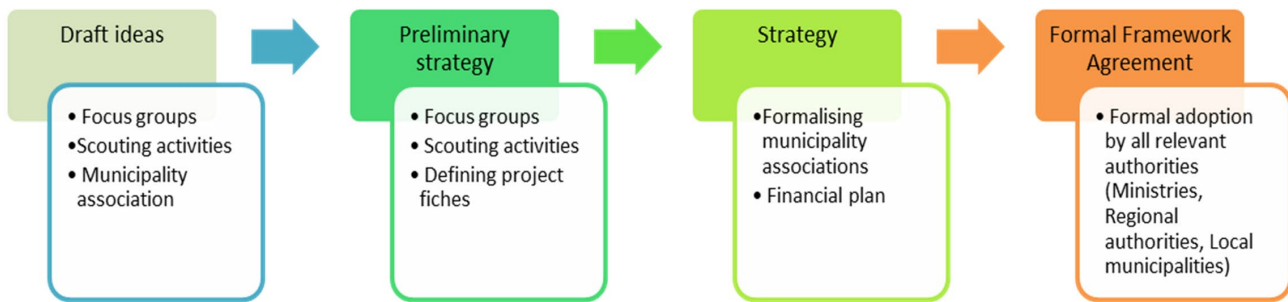
Focus groups are also organised by the National Committee, in collaboration with regions and local territories. On average, they last for three hours and follow a standard methodology:

- 4 sessions on: local development, healthcare services, education, transport services;
- 16 speakers: 3 local actors + 1 expert from relevant Ministry for each session.

Figure 1. Focus group with the project area



Figure 2. From draft ideas to the final strategy: a process in four main steps



As mentioned, local strategies always have two types of actions. Firstly, actions to support innovations in local services, to address the problems of population decline and remoteness, and secondly, actions to support local economic development.

Examples of supported projects

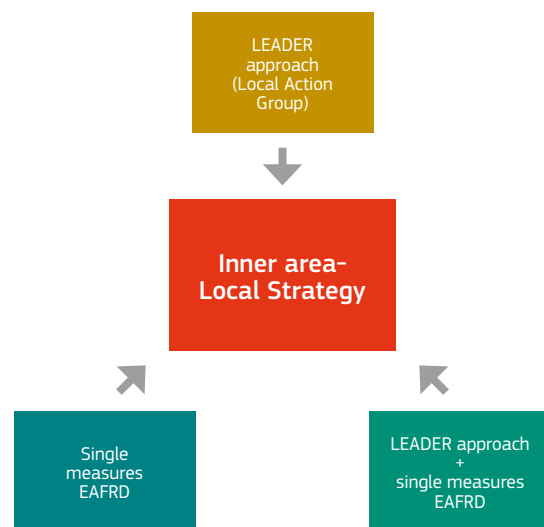
Investments in local service innovation are funded from national funds. The kinds of actions being supported so far include:

- A community car pooling initiative in Val Maira (Piedmont), which uses a web platform and is managed by a local community cooperative;
- Remote classrooms in secondary schools in Beigua Sol (Liguria) and Piacenza-Parma Apennine (Emilia Romagna);
- Equipping local pharmacies in Matese (Molise) with smart technologies to allow remote diagnostics by hospital personnel;
- Smart devices to allow inhabitants to monitoring landslides and strengthen civil protection in Madonie (Sicily).

- High potential in the forest supply chain, linked to the production of sustainable energy and to the wood and furniture industry;
- Diversification of the rural economy, by linking agriculture and public demand (recreation and leisure, social services to people with handicaps, productive labour opportunities and social integration for immigrants, etc.).
- Farmers under 40 years old with a strong desire to innovate, operating in both a part-time and full time capacity.

Rural Development Plans (RDPs) can contribute to the Inner Areas Strategies in three ways: a) the LEADER approach; b) single measures; c) a mix of the LEADER approach and single measures. The choice of the method and financial resources allocated to Inner Areas are set out in the regional RDPs. Given the low adoption of the CLLD method (multi-fund), the LEADER approach is generally funded only by the EAFRD.

Figure 3. How RDP resources and measures contribute to the Inner Areas Strategy in Italian Regions



Combining EU and national funds

The local development strategies draw on all the main EU funds. Agricultural and rural development initiatives are always a relevant components of the local strategies, due to the predominantly rural nature of the project areas. Rural development initiatives focus on several common opportunities in the project areas:

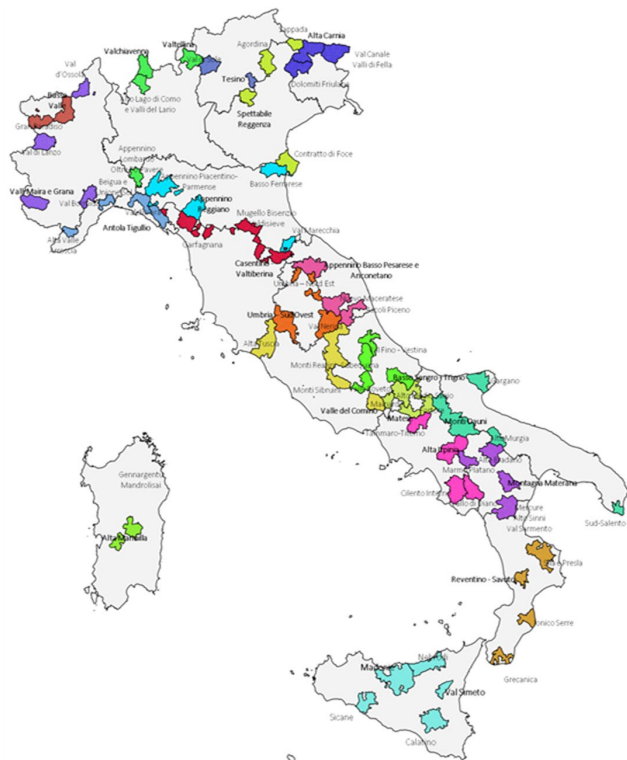
- The high demand for land from young farmers, new rural population, professional farmers in search of more land, civic associations, immigrants, foundations, etc. This demand is not easily met, due to the high costs of connecting fragmented and small-size plots of land in Inner Areas;

Pre-existing capacity building in Local Action Groups (LAGs) was a key element in designing good quality strategies in Inner areas. Many local experts involved in the process of strategy design have LEADER experience, and the more targeted approach, typical of LEADER, is appropriate for developing pilot projects in Inner Areas. Broader and more innovative impacts in the territories can be achieved by integrating Inner Areas strategies and LEADER local development plans. There is also a more efficient division of work: Inner Area partnerships focus on access to services, while LAGs are well-experienced in local development.

Main achievements

At the end of April 2017, a total of 71 pilot areas were selected (1 066 municipalities, 2.1 million inhabitants, 3.5 % of the national population, 16.7% of the national territory). In these areas, population decline was -4.2 % in the period 2001-2011, and -2.3 % in 2011-2016, while the national population increased in the same period (2.1 %). Selected areas are, on average, quite small: about 29 000 inhabitants.

Figure 4. Map of the pilot areas

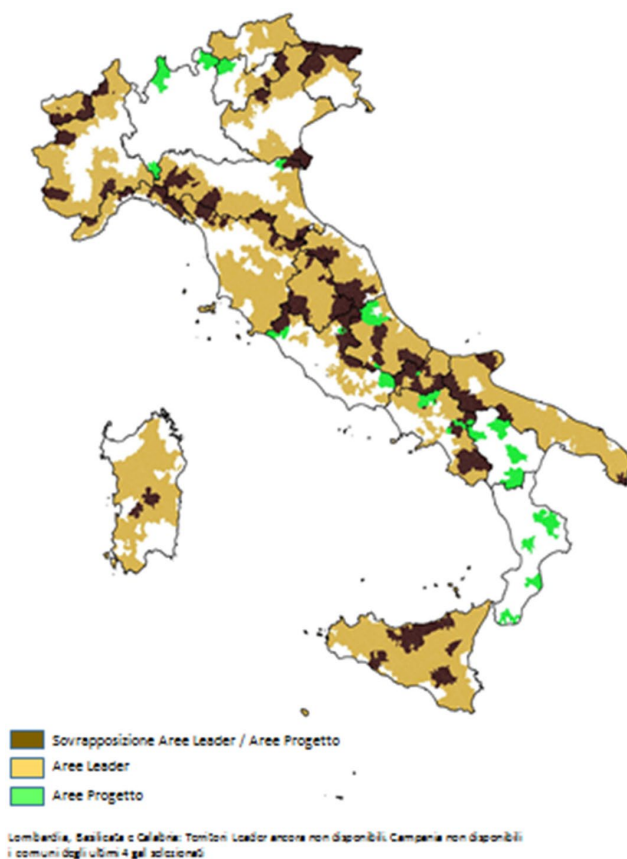


Among the selected areas, there are 11 where that strategy has been approved. These strategies have about €191 million in financial resources, with €41 million derived from national funds (about 21 % of total funds).

The average budget per project area is € 17.4 million, which is higher than the average budget allowed in Italy for LAGs. The contribution of the EAFRD varies from area to area, but usually represents an important contribution to the local strategy.

There are relevant interplays between Inner Areas and LAGs: in several places they overlap, either totally or partially (more frequently). Synergies can be positive when LAGs directly participate in the design and implementation of the Inner Areas strategy, defining interventions specifically targeting the needs of territories included in the project area. In other cases, LAGs contribute as a complement of the Inner Area strategy, focusing on aspects not addressed by Inner Areas.

Figure 5. Map of interplay between LAGs and Inner Areas



Regulatory barriers

In each project area, individual EU Funds apply their own rules, which does not facilitate collaboration among different management authorities. Different timings in the selection and approval of strategies also complicates integration between Leader local plans and Inner Area strategies.