

Raffaella Di Napoli, Davide Piacentino, Gabriella Ricciardi, Salvatore Tosi

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# A Long-Term Vision for Rural Areas: The Two Italies

Raffaella Di Napoli, Davide Piacentino, Gabriella Ricciardi,  
Salvatore Tosi

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**Abstract:** European policies are increasingly focused on long-term rural development. The effectiveness of these policies is dependent on the involvement of local actors. The present paper investigates the involvement of said actors in the Italian context by asking Local Action Groups to assign a score to each of the eight dimensions of rural development in relation to: *i*) implemented actions; *ii*) future expectations; *iii*) involvement of local communities; *iv*) involvement of public actors. Synthetic indicators are then used to measure the long-term vision of development. The results indicate that there is less involvement of public actors in the South of Italy.

**Keywords:** rural development policies, long-term vision, Italian North-South divides.

**JEL classification:** O18, D18, R58.

## 1. Introduction

In the context of European Union (EU) agricultural policies, the local development interventions and in particular the LEADER (Liaison Entre Actions de Développement de l'Économie Rurale) – a place-based instrument grounded on the active participation of local actors – have a strategic role in achieving the Long-Term Vision for EU Rural Areas (European Commission, 2021b).

**Raffaella Di Napoli:** Council for Agricultural Research and Economics, Research Centre for Agricultural Policies and Bioeconomy, Via Barberini 36, 00187 Roma, Italy. E-mail: [raffaella.dinapoli@crea.gov.it](mailto:raffaella.dinapoli@crea.gov.it), <https://orcid.org/0000-0003-4292-5813>

**Davide Piacentino:** Department of Economics Business and Statistics, University of Palermo, Building 13, Viale delle Scienze, 90128 Palermo, Italy. E-mail: [davide.piacentino@unipa.it](mailto:davide.piacentino@unipa.it), <https://orcid.org/0000-0001-6252-1264>

**Gabriella Ricciardi:** Council for Agricultural Research and Economics, Research Centre for Agricultural Policies and Bioeconomy, Via della Libertà 203, 90143 Palermo, Italy. E-mail: [gabriella.ricciardi@crea.gov.it](mailto:gabriella.ricciardi@crea.gov.it), <https://orcid.org/0000-0002-4397-8813>, *corresponding author*

**Salvatore Tosi:** CNR-ISMED Institute of Mediterranean Studies, Research Unit of Bagheria, Vicinale Montagnola-Serradifalco, 90011 Bagheria, Italy. E-mail: [salvatore.tosi@ismed.cnr.it](mailto:salvatore.tosi@ismed.cnr.it), <https://orcid.org/0000-0002-7108-6759>

For over 30 years, LEADER has been implementing local development strategies that are supported by participatory processes based on the exploitation of endogenous resources and proactive intervention by different local actors. To this end, territorial partnerships, called LAGs (Local Action Groups), have been created. They are of a public-private nature and have operational-technical structures for the conception and management of Local Development Strategies (LDSs) that encourage the adoption of socially responsible behaviours, the production of collective goods, and enabling public institutions to support innovation and efficiency. LEADER will continue this mission during the 2023-2027 programming phase.

Since LAGs are spatially located, they are obviously characterised by heterogeneous economic and social contexts with different availability of tangible and intangible resources (including social capital). Therefore, the results obtained by LEADER can differ, depending on the locally adopted strategies and the capacity of local actors to collaborate to implement them. The basic idea is that the effectiveness of planned interventions in LDSs depends on the proactive behaviour of the actors involved (private economic and social operators, local community, public actors). The development process is thus shared and multi-dimensional, and based on innovation, digitalisation, social inclusion, etc. (all the determinants of the long-term vision for EU rural areas). In the absence of a such favourable behaviour, the risk of failure of these policies could be high.

This study, introducing the first results of the survey *LAGs' Long-Term Vision for the Development of Rural Areas* conducted by the Italian National Rural Network, aims at exploring the main territorial differences in Italy, and in particular the well-known North-South divide (Fazio, Piacentino, 2010), in terms of the awareness of the different actors (LAG, local communities, local public actors) of the challenges of the long-term vision for EU rural areas. A sample of 75 Italian LAGs were asked a set of structured questions to: *i*) verify that the lines of action proposed by the EU Vision correspond to local development needs; *ii*) understand the social systems in which they operate (defined by the interests and attitudes of private and public local actors regarding existing and future interventions).

Empirical findings suggest that local public actors in the Centre-North of Italy are more interested in the long-term vision of rural development than those in the South. This evidence supports the widespread idea that LAGs in Southern areas are impeded when implementing local strategies by the lower propensity for collaboration between public and private actors.

Contrary to Leonardi (1995), we find evidence in favour of the North-South dichotomy in terms of social systems. The Central-Northern regions seem to have «proactive» institutions while Southern regions have «disinterested» institutions.

The determinants of this perception can be multiple and predominantly cultural (such as the amoral familism described by Banfield, 1956). For

example, local policy makers in the South could focus more on supporting specific groups and less on promoting local development. However, the responses to the open questions included in the questionnaire suggest that the lack of response from public bodies stems more from the idea that they are less likely (capable) to embrace and promote innovation, rather than from their general disinterest in the collective and common good. In any case, identifying these determinants is beyond the scope of the present study, which is instead restricted to the construction of synthetic indicators of the Long-Term Vision and the investigation of territorial disparities.

The remaining part of the article is organised as follows: Section 2 – approaches and developments in European agricultural and rural development policies; Section 3 – empirical data and results for a sample of 75 Italian LAGs; Section 4 – conclusions.

## 2. European rural development policies: approach and evolution

### 2.1. The place-based approach in the European policy framework

In recent decades, numerous studies have observed and demonstrated how intangible factors (much like economic and structural resources) play a fundamental role in favouring, orienting, and consolidating development dynamics in various territories. So-called «territorial capital» (Granovetter, 1985; Camagni, 2002; Mantino, 2009), local institutions, and public policies can therefore direct the processes of economic development and their redistributive effects. For the planning of development policies, it is therefore essential to consider local institutions and social conventions, the organisation and the distinctive characteristics of the geographical space, and the local communities and entrepreneurial fabric.

From this perspective, not only large cities, but also medium and small cities as well as rural areas have the potential to make a significant contribution to the economic growth of a country by enhancing the productive axes and sectors regarding which they have a «competitive advantage». Therefore, it is not strictly necessary to focus on large urban areas for the development of the regions, rather one must know how to adequately capitalise on the specific assets of various territorial systems (Rodríguez-Pose, Storper, 2006; Barca *et al.*, 2012; Rodríguez-Pose, Wilkie, 2017; Lawrence, Rogerson, 2018; Garretsen *et al.*, 2013; OECD, 2009, 2018; World Bank, 2009).

In order to achieve the important objective of economic and social cohesion, introduced into the EEC Treaty by the 1986 Single European Act, through the reduction of the development gap between regions, there has been a progressive revision of the methods and instruments

adopted by Community and national policies for territorial development (e.g. LEADER). The place-based approach has become prevalent in the implementation of programmes related to various EU support funds. At the same time, efforts have also been made to overcome the geographical logic of the programmes that followed the urban-rural dualism. In fact, policies are increasingly aimed at promoting in a coordinated manner (albeit with varying levels of success; Mantino, 2008, 2022) the resilience of the rural areas that provide essential goods and services (essential also for citizens of urban areas): quality food, environmental and cultural goods, economic competitiveness and diversification, welfare and agropolitan services.

The importance of adopting a place-based approach within EU support policies was strongly reaffirmed by the recent Communication *A Long-Term Vision for the EU's Rural Areas – Towards Stronger, Connected, Resilient and Prosperous Rural Areas by 2040* (European Commission, 2021b, 2022), the goal of which is to stimulate, and then support with concrete tools, balanced territorial development and the economic growth of rural areas, thereby enhancing the new opportunities offered by the green and digital transition.

The *Long-Term Vision for the EU's Rural Areas* synthesises the three reports issued by the European Commission to the main EU elective assemblies between the end of 2019 and the spring of 2020. The first of these, the *European Green Deal* (European Commission, 2019), puts at the centre of EU programmes a new strategy for growth that will transform the EU into the first climate-neutral continent by 2050. The report *A Farm to Fork Strategy* (European Commission, 2020b), linked to the objectives of the 2030 Agenda, is at the heart of the Green Deal and addresses in a global way the challenges posed by the achievement of fair, healthy, and sustainable food systems. Finally, the *EU Biodiversity Strategy for 2030* (European Commission, 2020a) reaffirms the need to safeguard biodiversity in order to prevent both the appearance and spread of future diseases and the unavoidable economic consequences thereof («more than half of the world's GDP depends on nature and the services it provides; in particular three of the most important economic sectors – construction, agriculture, food and beverages – are strongly dependent on it», European Commission, 2021b). Therefore, according to the European Commission (2021b), organised rural contexts will play a fundamental role in future agricultural policy: for agri-food systems, for environmental protection, and for climate change (Montanarella, Panagos, 2021).

With the Long-Term Vision, therefore, the Commission is seeking to create new momentum for rural areas, changing the way they are perceived, building new opportunities and giving more voice to rural communities, which are an integral part of building the future of Europe. Rural communities also play a key role in implementing the 20 principles of the European Pillar of Social Rights, contributing to a strong, equitable, and

inclusive social Europe that is full of opportunities (see preamble to the Communication)<sup>1</sup>.

Among the instruments identified by the Communication is the Rural Action Plan, through which the EU intends to strengthen the support that different EU policies can provide to rural areas, thus contributing to balanced, equitable, green, and innovative development. In particular, the Agricultural Policy and the EU Cohesion Policy are seen as key to supporting and implementing the Plan and their strategic orientations and investments will need to converge on four areas of intervention to improve rural areas by 2040 by making them: *stronger*, by raising awareness in rural communities, improving access to services, and facilitating social innovation; *more connected*, by improving connectivity in both transport and digital access; *more resilient*, by preserving natural resources and greening agricultural activities to counter climate change while ensuring social resilience (access to training and new job opportunities); and *more prosperous*, by diversifying economic activities and enhancing the added value of agricultural and agri-food activities and agritourism<sup>2</sup>.

Operationally, the EU Vision heavily emphasises the need to support the active participation of local actors, stakeholders, and citizens in the determination of political solutions and integrated investments in their territory. The implicit objective, in addition to directing investments in a manner consistent with the needs of the different rural territories, is to promote the implementation of long-term development pathways that can be consolidated thanks to the system of relations of all local actors. The EU Vision, therefore, acknowledges what is theorised in numerous studies on the role and contribution of «social capital» in determining local development processes, namely the importance of relational networks in coordinating individual actions and collective actions to increase the efficiency of society (Granovetter, 1973; Bourdieu, 1986; Burt, 1995; Coleman, 1988, 1990; Putnam, 1993).

In summary, according to the European Commission's various Communications and the Long-Term Vision, rural contexts will play a key role in the balanced development of the Union. The Common Agricultural Policy (CAP) is the instrument for accompanying this process through the inter-

<sup>1</sup> The Communication was drawn up on the basis of a broad public consultation during 2021. More than 50% of those who took part in the consultation stated that infrastructure is the priority for action in rural areas. The attractiveness of rural areas will depend to a large extent on the availability of digital connectivity (93%), basic and electronic services (94%) and improved climate and environmental performance of agriculture (92%).

<sup>2</sup> The Union Rural Action Plan will be supported, monitored, and regularly updated by the EC. In fact, by mid-2023, the Commission will take stock of the actions implemented and planned in the support schemes for rural areas financed by the EU and the Member States in the 2021-2027 programming period, both for the CAP and for the Cohesion Fund, highlighting any shortcomings. The results of this activity and possible guidelines for increased support action for rural areas will be included within the first quarter of 2024 in a public report aimed at improving the orientation of the Cohesion Policy and Agricultural Policy Programmes.

ventions it will introduce in the 2023-2027 programming. Among these, it is important to remember that the CAP is the only policy that has rendered mandatory the planning of place-based interventions such as LEADER, and it has specifically allocated resources for this purpose.

## 2.2. The evolution of European agricultural policies

The Common Agricultural Policy (CAP), particularly with regard to the first pillar, has evolved relatively independently of other Community policies so far. A stagnant economic situation for several years in the European countries, the increase in the number of sectors in crisis, a dramatic overall environmental deterioration and the increasing difficulties in finding new sources of public financing have led to considerable pressure on expenditure allocation criteria, as well as on the need for coherence between the different European policies. Since the end of 2017, starting from the EC Communication «The future of food and agriculture» (European Commission, 2017), the EU States have agreed to strengthen agricultural research and innovation, review existing priorities, ensure greater coordination between policies, and to continue respecting previously set spending limits into the next financial period. This has led to the need to bring agricultural spending and rural development in line with the EU's overall objectives, while also overcoming inconsistencies within this policy and with other support instruments.

The new programming phase of the EU support instruments<sup>3</sup> marks the beginning of a new era: the investments of the two pillars of the agricultural policy, Common Agricultural Policy and Rural Development, will be unified into a «National Strategic Plan for Agricultural Policy (PSP)». This new organisational system questions the consolidated structures of governance and intervention planning that have characterised regulations and programming documents up to 2023 and expresses a substantial change of course in the development objectives of the twenty-seven Member States of the Union.

This is a substantial change that seeks for the first time to jointly pursue two apparently irreconcilable macro-objectives: strengthening the ability of agricultural companies to stay on the market (for a long time translated

<sup>3</sup> With the Communication COM(2017) 713 final *The Future of Food and Agriculture* on the post-2020 CAP (November 2017), the European Commission launched the reform process of the Common Agricultural Policy (CAP) in view of the 2021-2027 programming period. As a result of the Covid pandemic, the EU has postponed the start of the new Agricultural Policy programming from 2021 to 1 January 2023. To ensure continuity of investments and consistency with the general objectives referred to in the programmes relating to the other EU funds that start the new phase as planned from 2021, an ad hoc Regulation has been prepared and approved to regulate the transitional phase relating to the two-year period 2021-2022 (EU Regulation no. 2020/2220 of 23 December 2020). Finally, in early July 2021, the EC published the Communication *A Long-Term Vision for the EU's Rural Areas – Towards Stronger, Connected, Resilient and Prosperous Rural Areas by 2040* (European Commission, 2021b), the result of a consultation process that also saw the involvement of national rural development networks, MAs and local actors engaged in local development actions.

as «freer markets» regulated by supply and demand with no price control policies, and intensive production) and remuneration of public and collective goods provided by agricultural and rural areas (high-quality food and environmental and cultural goods; economic diversification, agropolitan and welfare services) (Frascarelli, 2019). The policy has shifted its focus from keeping companies on the market and guaranteeing the security of supplies, to strengthening the resilience and vitality of agricultural and rural areas, by making them more welcoming through a high quality of life, and thus rendering the employment opportunities offered there more attractive (National Rural Network, 2021).

There is no denying that the support of the CAP is still predominantly sectoral, but the unified programming of the two pillars of agriculture policy leads the instruments of the first (direct aid and market measures) and second (rural development) to pursue general and specific common objectives, towards a more territorial perspective and a long-term vision. This perspective takes into account the positive results of agricultural development processes that have arisen from several key factors: the presence of diversified and multifunctional small companies; production processes favourable to environmental sustainability and the conservation of biodiversity and landscape; the connections of the sector with other natural-socio-cultural resources and local and extra-local economic sectors; and the expansion of extra-agricultural work opportunities in rural areas.

In this framework, as already mentioned, the Regulations for the transition phase (2021-2022) and future programming phase (2023-2027) attribute a strategic role to local development interventions, particularly the LEADER, in favouring the vitality of rural areas, counteracting depopulation, poverty, and environmental degradation, and triggering development processes capable of making rural territories more sustainable, welcoming, and attractive.

### 2.3. Local development strategies: LEADER and LAGs

LEADER, based on a participatory approach, is the most important and innovative instrument of Community policies for the integrated and sustainable local development of rural areas. In the implementation of policies, LEADER recognises the strategic role of LAGs (i.e. local development agencies constituted by a public-private partnership). Their main task is to develop and implement at local level a pilot development strategy that is innovative, multisectoral, and integrated, which has positive effects not only on the direct beneficiaries, but on the whole local community, by offering new employment opportunities, innovative services that respond to real local needs, and better management of territorial resources.

LEADER took its first steps in 1991 and over the years has broadened its scope to include the period 2007-2013 in the overall programming of



the European Union's policies for rural development. The 2014-2020 and 2023-2027 programming also attributed a strategic role to this method in promoting local development, so much so that it is reconfirmed under the EAFRD and adopted by all EU Funds under the name «Community-Led Local Development» (CLLD).

Since the first programming phase, which supported 29 LAGs in Italy, there has been a steady increase in its beneficiaries and territorial coverage. In the most recent programming period (2014-2022), the 200 financed LAGs involved more than 13,000 partners, supported about 15,000 projects in 72% of the national territory, and invested over 1 billion euros<sup>4</sup>.

The LEADER approach, over time, has favoured the concentration of community support for: territories that are marginal and peripheral, have low per capita income, high rates of depopulation and ageing, difficulties in accessing basic services, and administrative criticalities; small businesses and micro-communities with populations below 5,000 inhabitants; the economic resilience of rural territories, to improve liveability and the active management of local resources; and greater levels of citizenship and participation of the local population (Di Napoli, Del Prete, 2018).

In the 2023-2027 programming, LEADER will intervene in new rural value chains<sup>5</sup>, with a particular focus on young people, migrants, gender equality and new forms of business: from food to ecosystem services; from the bioeconomy to the circular economy and from digitisation to the creation of inclusive spaces and services. This new policy is more consistent with the general long-term objectives of the EU to transform rural areas into «an engine of progress and socio-economic development of the country, also overcoming rural-urban dualism»<sup>6</sup>.

The introduction of the LEADER method has allowed practitioners to experiment and disseminate a new approach (territorial, integrated, participatory, multisectoral) to local development problems over the last thirty years. This marks a new era and a step towards a new ethic of Community policy based on criteria such as sustainability, responsibility, and solidarity in order to ensure a healthy environment for present and future generations and to prevent the degradation and disappearance of natural, historical, and cultural resources that cannot be restored. It is an even more equitable policy, because it is able to guarantee local communities the possibility of using resources and taking advantage of opportunities, through concrete and effective participation in decision-making processes for the programming and management of public support.

<sup>4</sup> Source: CREA – PB elaboration on regional data reported in the Annual Reports of Implementation of the RDPs 2014-2022, consulted by the official websites of the Regions.

<sup>5</sup> See Recital 34 of Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021.

<sup>6</sup> *Ibidem*.

LEADER creates public-private partnerships between actors from different sectors of the local economy and rural society, thus promoting reciprocity between actors who must rely on a cooperative response from others in order to design and manage the Local Development Plan. The LDP implements this cooperative response by engaging local actors in the search for shared solutions and making the interaction between the different actors stable and lasting.

LEADER implements what has been theorised by numerous studies on the effects of associationism and the different types of aggregations in the processes of socio-economic development. In this regard, we can recall what was theorised by R. Putnam (1993) which showed that competitiveness and innovation capacity in the districts are due to the rules of reciprocity and the civic sense of the economic operators involved. Even Kreps (1990) states that a cooperative solution becomes easier when agents expect to have to interact often in the future, which happens more frequently in the district where economic agents operate in a situation of physical proximity and long-term performance expectations.

In LAG partnerships (Table 1), we find aggregations that combine public institutions both with private associations, characterised by social purposes and by the spirit of cooperation, solidarity and civil commitment of the people involved (significantly correlated with the existence of relationships of trust), and with associations that protect the interests of the members (positively correlated with economic performance)<sup>7</sup>.

Such composite partnerships also play a positive role in strengthening/filling gaps in public institutions and/or reorienting economic development on environmental and social priorities. In some territories, in fact, the continuous exchange between public and private actors, bearers of diverse interests, has led to positive effects on their respective behaviours, stimulating greater innovation in the action of public institutions, the adoption of socially responsible behaviours and the production of public goods. In this perspective, the system of relationships activated by LEADER plays a positive role in fostering the growth of widespread skills and the creation of relationships between actors, puts in place an «empowering» cultural process, involving local actors in new perspectives, motivating them to invest, acquire skills and «create» innovative solutions to pursue their objectives (Franceschetti *et al.*, 2015).

It could be argued that the creation of a partnership, if motivated by access to public resources, could lead to the creation of partnerships governed by the rationale of «sharing» funding. In this regard, the selection process of LAGs activated by the Regions is strategic both in guiding the

<sup>7</sup> Many authors have explored the role of the various types of associations in fostering a cooperative spirit and/or better economic performance. In this regard we can mention the studies of Putnam (1993), Olson (1982), Knack and Keefer (1997).

**Table 1:** Actors involved in LAG partnerships 2014-2022

| LAG partners in the 2014-2022 programming                  | n.     |
|--|--------|
| Tourist Promotion Companies                                | 42     |
| Public Provincial Authorities                              | 70     |
| National and Regional Parks                                | 79     |
| Chamber of Commerce  | 94     |
| Banks/Credit Institutions                                  | 174    |
| Public research Institutions                               | 247    |
| Other public partners                                      | 346    |
| Associated economic operators                              | 1,085  |
| Trade associations   | 1,219  |
| Other private partners (e.g. environmental associations)   | 1,382  |
| Other associations (e.g. cultural and social associations) | 2,047  |
| Individual economic operators                              | 3,313  |
| Municipalities, Consortia of municipalities                | 3,348  |
| Total  | 13,446 |

**Source:** CREA – PB elaboration on Local Development Strategies 2014-2022.

formation of partnerships effectively representative of the context and local interests and in order to avoid the birth of collusive coalitions more interested in the management of financial resources than in local development (Trigilia, 1999). In fact, the role played by the regional administrations that have strongly guided the formation of the LAGs' partnerships cannot be overlooked due to the need to adapt the implementation of LEADER to specific administrative and/or political contexts. For example, the decision to encourage (or make mandatory) the participation of representatives of all municipalities, although it has resulted in the participation of actors who otherwise would have remained outside the decision-making processes, has led in fact to a purely formal adhesion of subjects who, over time, have participated little in the path initiated through LEADER (Di Napoli, Tomassini, 2017).

In the context just described, the role played by the various local actors in the effectiveness of rural development policies is evident. No macroeconomic change can take place without the awareness and involvement of individual microeconomic actors. The present research seeks to measure this involvement of local actors with respect to the long-term vision for EU rural areas, focusing in particular on North-South disparities in Italy. The following paragraph will present the data that have been used, the data processing methodologies and the empirical results.

### 3. A survey on Italian LAGs

#### 3.1. Data

At the beginning of 2021, the European Commission asked each Member State to contribute feedback to the *Long-Term Vision for Rural Areas*, which was then presented to the European Parliament on 30 June 2021. To that end, the National Rural Network in Italy interviewed 75 out of the total 200 LAGs (National Rural Network, 2021)<sup>8</sup>. Although probabilistic stratified sampling methods were not adopted, the sample of LAGs was selected in a manner that ensured a degree of balance between the Centre-North (45 LAGs) and the South (30 LAGs). The share of the total LAGs interviewed was also significant (37.5%). That sample thus provides a sufficient basis for the present comparison between the Centre-North and the South. A questionnaire was addressed to the directors of the sampled LAGs, comprising five main questions (Tables 2 and 3).

The first question refers to the 20-year *Vision* of LAGs for the territories where they operate. This was measured using a 1-5 Likert scale (1 = very pessimistic, 5 = very optimistic) to assess the 8 items of rural development: *i*) demographic change; *ii*) cultural activities; *iii*) public services and infrastructure; *iv*) digitalisation and technology; *v*) income and employment; *vi*) necessary goods availability (food and energy); *vii*) social inclusion; and *viii*) climate change.

The connection between these 8 items and the «areas of action» of the *Long-Term Vision for Rural Areas* (European Commission, 2021b) is very intuitive. Demographic change and cultural activities correspond to «stronger rural areas», public services/infrastructure and digitalisation/technologies to «connected rural areas», income/employment and necessary goods to «prosperous rural areas», and finally social inclusion and climate change to «resilient rural areas» (Table 3).

The second question is focused on the *Actions* implemented by LAGs to improve conditions in their territories with respect to the 8 items listed above. The third and fourth questions concern the interest in those 8 items of the local *Community* and *Public Actors*, respectively. Finally, the fifth question provides information on which of the 8 items is considered a *Priority* to improve conditions in the territories of the LAG respondents (Table 2).

<sup>8</sup> The authors thank the National Rural Network for providing the dataset used here.

**Table 2:** Questions and labels

| Question  | Label                     |
|---|---------------------------|
| How could LAGs in your area be in twenty years (2040) in relation to the following items: demographic change; cultural activities; public services and infrastructure; digitalization and technology; income and employment; necessary goods availability; social inclusion; climate change. (1-5 Likert scale) | <i>Vision (V)</i>         |
| Have actions been implemented (or are ongoing) to address the following items: demographic change; cultural activities; public services and infrastructure; digitalization and technology; income and employment; necessary goods availability; social inclusion; climate change. (1-5 Likert scale)            | <i>Actions (A)</i>        |
| What is the interest of local communities in relation to the following items: demographic change; cultural activities; public services and infrastructure; digitalization and technology; income and employment; necessary goods availability; social inclusion; climate change. (1-5 Likert scale)             | <i>Community (C)</i>      |
| What is the interest of public actors in relation to the following items: demographic change; cultural activities; public services and infrastructure; digitalization and technology; income and employment; necessary goods availability; social inclusion; climate change. (1-5 Likert scale)                 | <i>Public Actors (PA)</i> |
| What is the priority for improving the general conditions of LAGs in your area? (please distribute 100 points among the eight items mentioned above with a maximum of 40 points per item)   | <i>Priority (P)</i>       |

**Source:** National Rural Network (2021).

**Table 3:** Items and areas of action

| Item  | Areas of action | Label      |
|---|-----------------|------------|
| Demographic change                                | Stronger        | Demography |
| Cultural activities                               | Stronger        | Culture    |
| Public services and infrastructure                | Connected       | Services   |
| Digitalization and technology                     | Connected       | Digital    |
| Income and employment                             | Prosperous      | Income     |
| Necessary goods availability (food, energy, etc.) | Prosperous      | Food       |
| Social inclusion                                  | Resilient       | Inclusion  |
| Climate change                                    | Resilient       | Climate    |

**Source:** National Rural Network (2021).

### 3.2. Preliminary analysis

Before building the synthetic indicators, we offer a preliminary comparison of the Centre-North and the South for each of the 5 variables under analysis: *Vision*, *Actions*, *Community*, *Public Actors*, *Priority* (Figures 1-5).

Figure 1 shows the *Vision* score distribution by macro-area. As regards the demographic change («demography»), the majority of LAGs reported a pessimistic *Vision*, irrespective of the macro-area: 55% in the Centre-North and more than 65% in the South (scores 1 and 2). On the contrary, a generally optimistic view was reported for the cultural activities (culture). Similarly in this case, the territorial gap is limited.

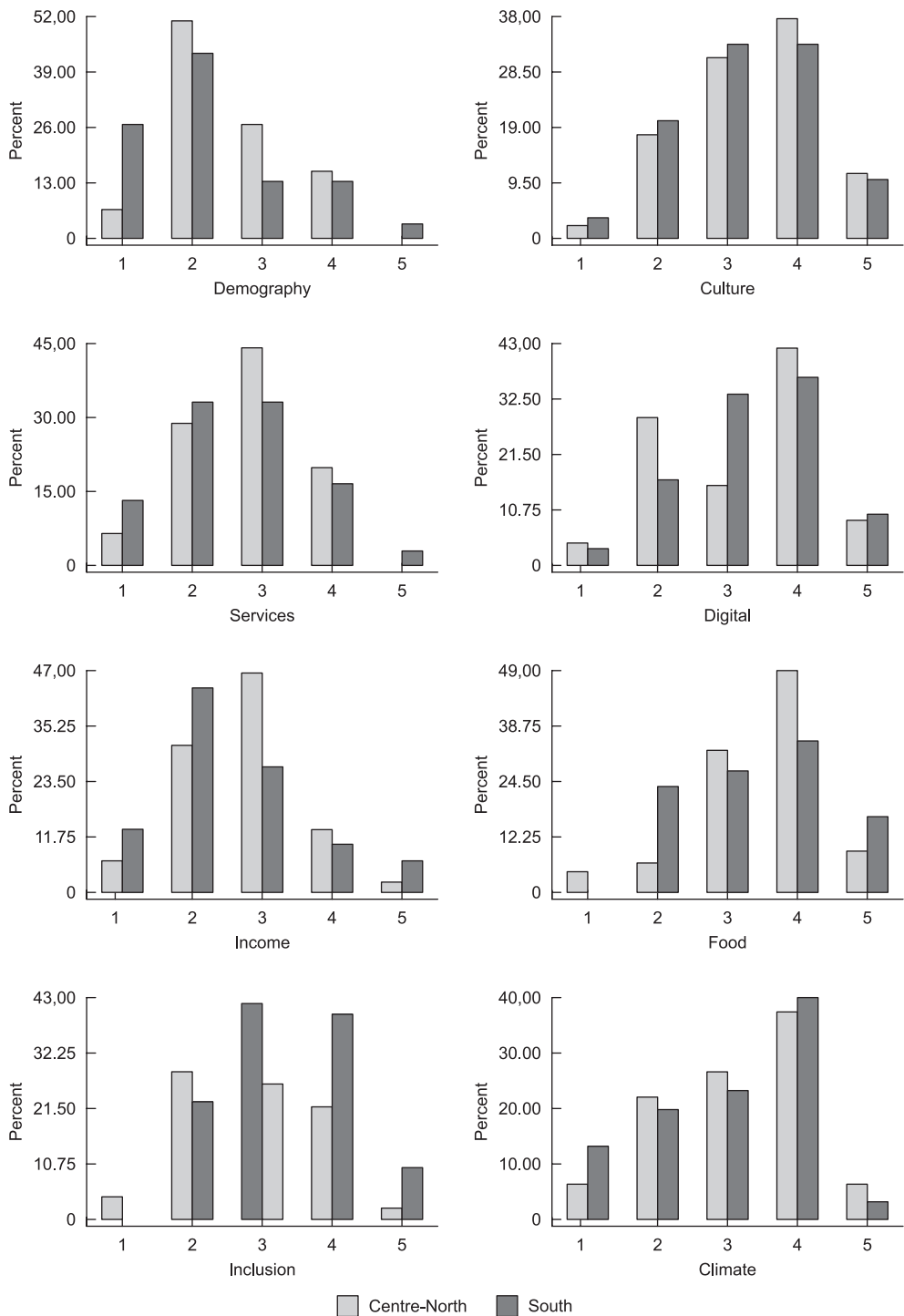
A generally pessimistic to neutral opinion was reported regarding access to public services and infrastructure (services). The evidence on the digitalisation and use of technologies (digital) is less uniform. While a significant share of LAGs in both macro-areas reported an optimistic view, a large number of LAGs did have a pessimistic view in the Centre-North and a neutral opinion in the South.

The territorial gap becomes more evident with respect to the items of «prosperous areas». As regards the dimension of income, about 35% of LAGs in the Centre-North and 55% in the South have a pessimistic view. This gap becomes even more evident when one considers that almost 50% of LAGs in the Centre-North are neutral to this issue (score 3) in comparison with less than 25% in the South. Regarding the availability of necessary goods (food), we note that only 10% of LAGs in the Centre-North and almost 25% in the South are pessimistic.

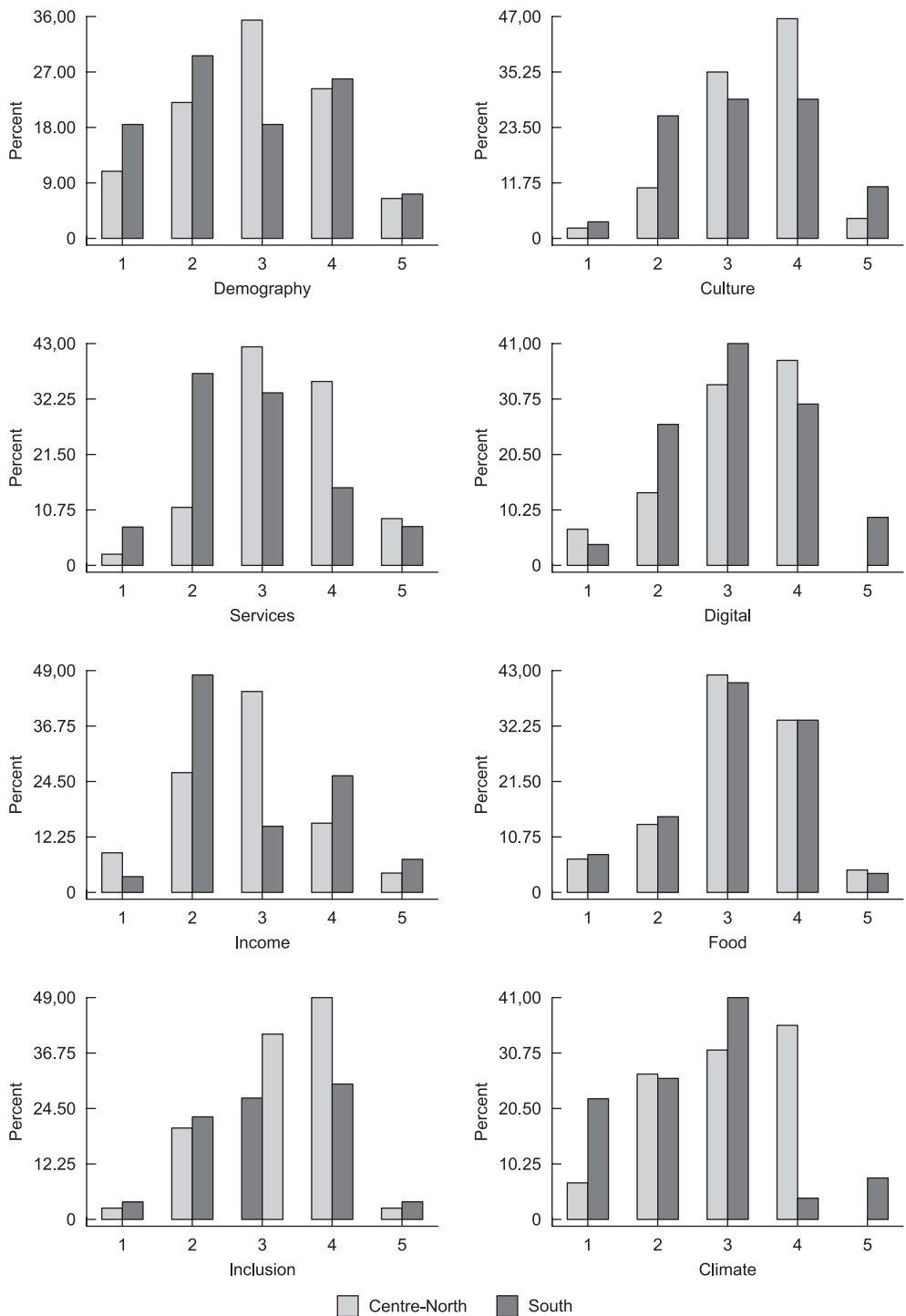
Surprisingly, we find that the Southern LAGs are more optimistic than the Centre-North ones in relation to the dimension of social inclusion. Lastly, no important differences can be observed for the dimension of climate change, the general view being optimistic in both macro-areas.

Summing up, LAGs are generally more pessimistic with respect to the dimensions of demographic change, public services and infrastructure, and income and employment, while they are more optimistic regarding cultural activities, digitalisation and technologies, availability of necessary goods, and climate change. The largest territorial gaps arose with regard to the «prosperous areas» (items: income/employment and necessary goods). The views of LAGs on the dimension of social inclusion contrast significantly: pessimistic in the Centre-North and optimistic in the South.

In Figure 2, we can observe the *Actions* that the LAGs have implemented by item. The Likert scale ranges from 1 (no actions) to 5 (many actions). We continue to interpret the score 3 as a neutral position. Many differences across macro-areas emerge in this case. The LAGs of the Centre-North seem to be more active in many respects. For example, about 50% of LAGs in the Centre-North declare they have implemented many actions (scores 4 and 5) regarding cultural activities, digitalisation and technologies, and social

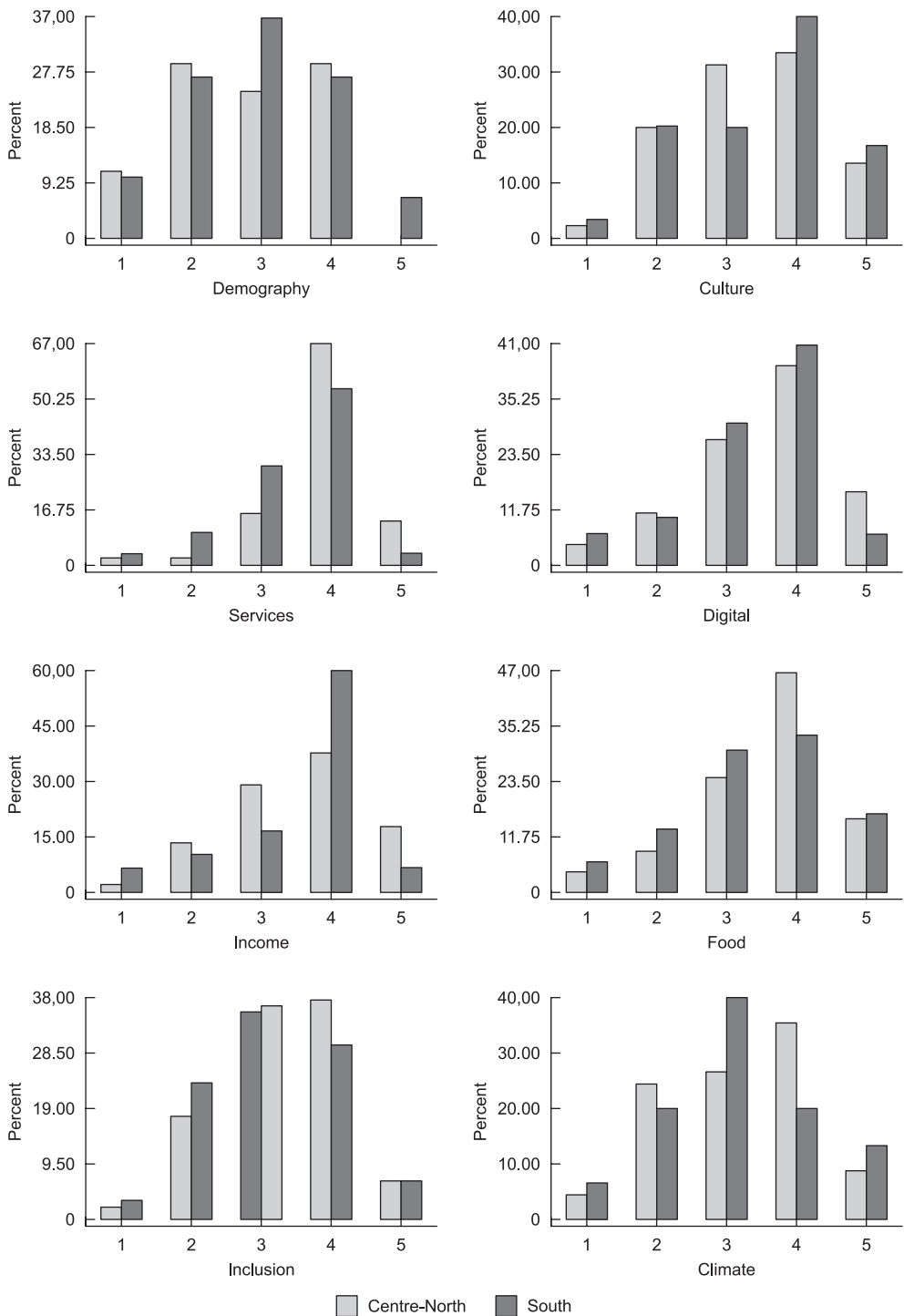


**Figure 1:** Visions of LAGs (2040).  
**Source:** Data ownership.



**Figure 2:** Actions of LAGs.  
**Source:** Data ownership.





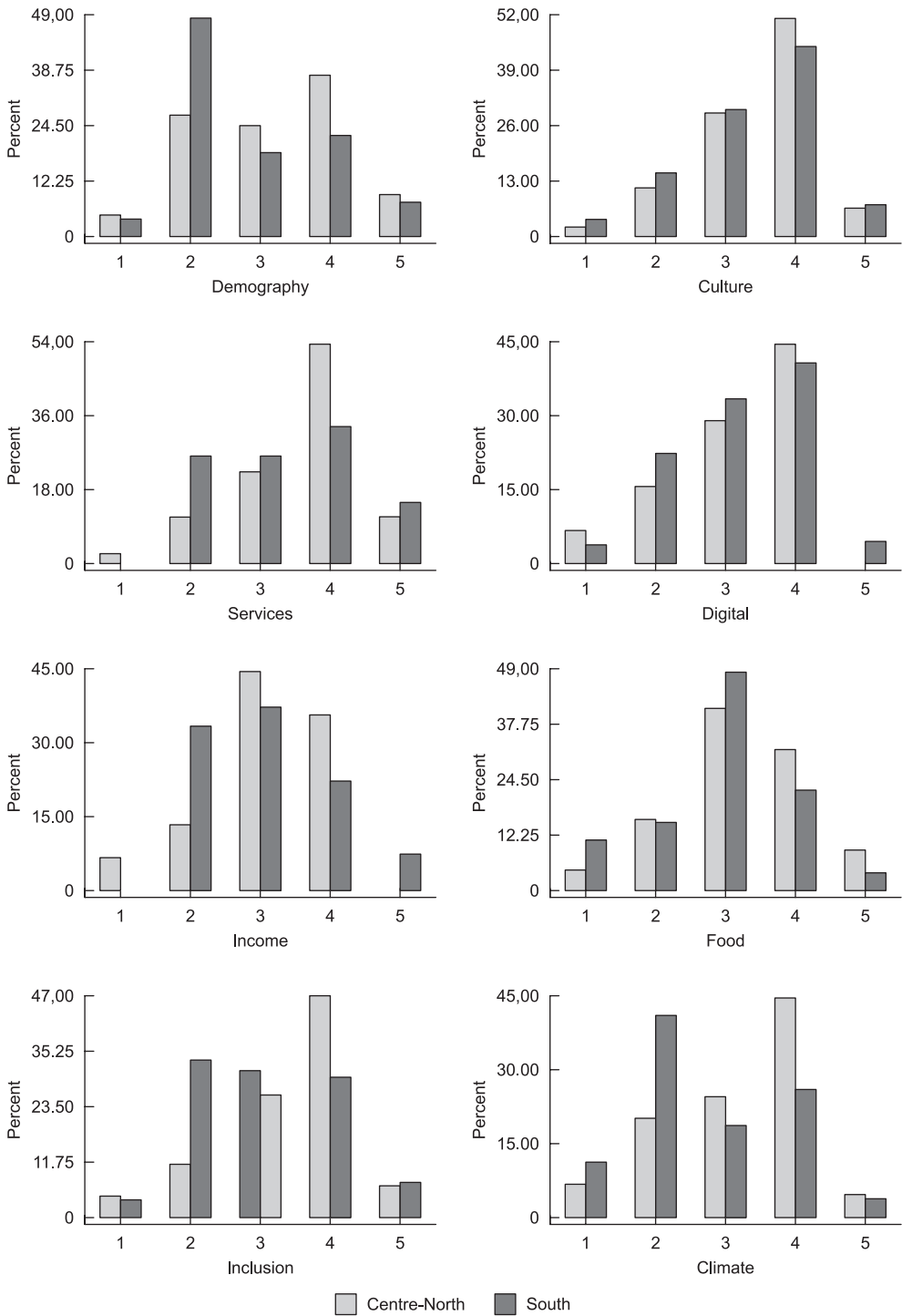
**Figure 3:** The interest of the Local Community.  
**Source:** Data ownership.

inclusion. The share of LAGs in the South that have implemented many actions on these issues is considerably smaller. Important gaps between the Centre-North and the South also emerge regarding actions on public services and infrastructure, income and employment, and climate change. Fewer differences are observed with respect to demographic change (demography) – maybe this is not a priority for the Centre-North – and availability of necessary goods (food).

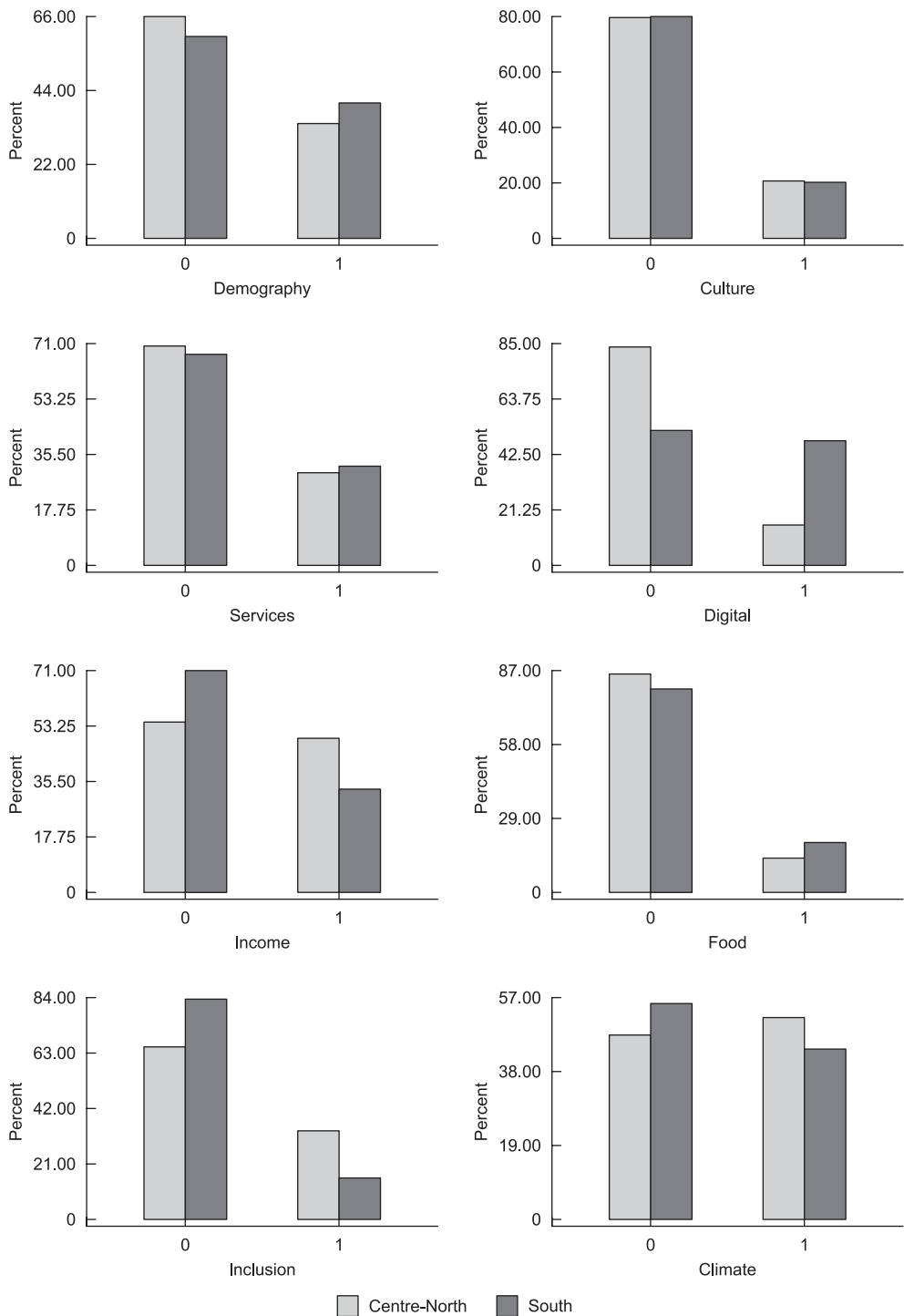
Figure 3 shows the interest of the local *Community* in the issues under investigation. Of course, this evidence is based on the LAGs' perception. In general, we note that local communities are particularly interested in the issues of public services and infrastructure (services), digitalisation and technologies (digital), income and employment (income), and availability of necessary goods (food). Also, we observe some important territorial gaps. Southern local communities seem to be more interested than the rest of Italy in the issue of income and employment, while an opposite situation arises regarding the availability of necessary goods and climate change.

Figure 4 reports the territorial comparison for the interest of *Public Actors* by item. Once again, the evidence is based on the perception of LAGs. In general, we record high interest of public actors in cultural activities and digitalisation/technologies. However, the most interesting evidence here is related to the several territorial gaps. The South seems to be less interested in demographic change, public services and infrastructures, income and employment, social inclusion, and climate change than the Centre-North. The overall trend is that Southern public actors pay little attention to important factors of a long-term vision for rural areas. This is an alarming picture that needs to be corroborated with more advanced analysis, which is provided in the next section.

Finally, we observed the priorities for the LAGs among the items under investigation (Figure 5). We focus on the territorial comparison of «top» priorities. For this, we generated a set of dummy variables that are equal to 1 if the LAG states the issue is their top priority, and 0 otherwise. Irrespective of the macro-area, many LAGs seem to consider climate change, income and employment, and demographic change as their top priorities. However, some important differences can be noted across space. Income and employment, social inclusion, and climate change appear to be more important for the Centre-North than for the South, while the opposite is the case for digitalisation and technologies. This last result suggests the digital backwardness of Southern rural areas, and this should be carefully considered by policymakers.



**Figure 4:** The interest of Public Actors.  
**Source:** Data ownership.



**Figure 5:** Priority of LAGs.  
**Source:** Data ownership.

### 3.3. Synthetic measures and clusters

Given the multidimensional nature of the phenomena under study, we built some synthetic measures of *Vision*, *Actions*, *Local Community*, and *Public Actors*, by means of a *Polychoric Principal Component Analysis* (P-PCA). This method, which is adequate in the case of categorical data, allows one to build a synthetic continuous measure (component) as the result of a linear combination of variables. In analytical terms, if  $x$  is a random vector of dimension  $r$  with finite  $r \times r$  variance-covariance matrix  $V[x] = \Sigma$ , then the PCA solves the problem of finding the directions of the greatest variance of the linear combinations of the vector of  $x$ . In other terms, it finds the orthonormal set of coefficient vectors  $a_1, \dots, a_k$  such that:

$$\begin{aligned} a_1 &= \max V[a'x] \\ \dots & \\ a_k &= \max V[a'x] \end{aligned} \tag{1}$$

The linear combination  $a_k'x$  is referred to as the  $k$ -th *principal component*. The higher the contribution of a single variable  $x$  to the variance of the component, the higher the weight assigned in the linear combination. The set of weights is called *eigenvector*. Different linear combinations generate different eigenvalues, and the components to be selected are those with the highest eigenvalues. The idea behind this method is that the directions of greatest variability give «most information» about the configuration of the data in multidimensional space. The first principal component will have the greatest variance and extract the largest amount of information from the data, and so on for the other components that are all orthogonal to each other. When data are discrete, as in our case, the normality assumption underlying the PCA is violated. In this case, the estimated principal component weights may be biased and inconsistent. A way to overcome this problem is to estimate the polychoric correlation matrix, and then proceed to the PCA in the standard manner (Kolenikov, Angeles, 2004).

A commonly applied rule to select the components is to take those with eigenvalues greater than 1 (Kaiser-Guttman rule). Several alternative criteria are proposed in the literature to select the number of components (Jackson, 1993); however, in the present case, we wanted to minimise the dimensionality of the data by obtaining only one component (synthetic measure) for each «phenomenon» (*Vision*, *Actions*, *Local Community*, and *Public Actors*) and then we adopted the most popular criterion, which is essentially the less conservative one (i.e. it tends to take a larger number of components) (Jackson, 1993). The results in Table 4 suggest that this selection is optimal for *Actions* and *Public Actors* (the first components capture 56% and 60% of variance, respectively), while we could also select two components in the case of *Vision* and *Local Community* (the first components capture 41%

**Table 4:** Polychoric Principal Component Analysis (P-PCA)

| Component              | Eigenvalue | Cumulative Variance |
|------------------------|------------|---------------------|
| <i>Vision</i>          |            |                     |
| 1                      | 4.152      | 0.519               |
| 2                      | 1.081      | 0.654               |
| 3                      | 0.872      | 0.763               |
| <i>Actions</i>         |            |                     |
| 1                      | 4.461      | 0.557               |
| 2                      | 0.875      | 0.667               |
| 3                      | 0.695      | 0.754               |
| <i>Local Community</i> |            |                     |
| 1                      | 3.296      | 0.412               |
| 2                      | 1.349      | 0.580               |
| 3                      | 0.986      | 0.704               |
| <i>Public Actors</i>   |            |                     |
| 1                      | 4.876      | 0.609               |
| 2                      | 0.846      | 0.715               |
| 3                      | 0.634      | 0.794               |

**Source:** Our elaboration from National Rural Network data.

and 60% of variance, respectively). To corroborate our results, we use the Kaiser-Meyer-Olkin (KMO)<sup>9</sup> Measure of Sampling Adequacy, which compares the correlations and the partial correlations between variables (Kaiser, 1974). KMO takes values between 0 and 1. Small values indicate that the partial correlations are relatively high compared to the correlations, so that a low-dimensional representation of the data by the PCA is not possible. Usually, the results are acceptable if values are larger than 0.50. In our case, the results are very good for *Vision* (0.82), *Actions* (0.84) and *Public Actors* (0.86), while lower but always acceptable for *Local Community* (0.63).

Table 5 reports the eigenvectors of the first components. One can note that the variables contribute with similar weights to all «phenomena» (*Vision*, *Actions*, *Local Community*, and *Public Actors*), except in the case of the dimension of climate for *Vision* and demography for *Community*. This means that the two variables have a low variability across LAGs.

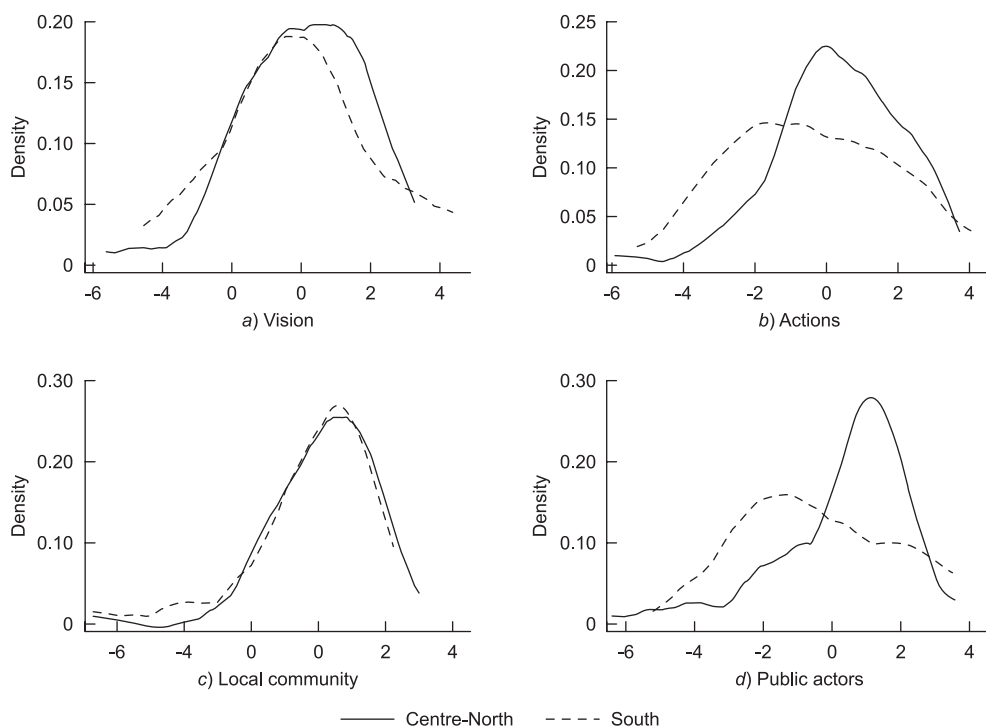
Figure 6 allows a comparison of the distribution of synthetic measures among macro-areas. From panel *a*), we note a larger share of LAGs in the Centre-North than in the South with higher values for *Vision*. This is even

<sup>9</sup> To this end, we use the STATA command *estat kmo*.

**Table 5:** Eigenvectors P-PCA

| Variable          | Vision | Actions | Local Community | Public Actors |
|-------------------|--------|---------|-----------------|---------------|
| <i>Demography</i> | 0.378  | 0.308   | 0.270           | 0.385         |
| <i>Inclusion</i>  | 0.321  | 0.331   | 0.441           | 0.375         |
| <i>Services</i>   | 0.404  | 0.380   | 0.373           | 0.361         |
| <i>Income</i>     | 0.406  | 0.329   | 0.343           | 0.376         |
| <i>Food</i>       | 0.330  | 0.378   | 0.310           | 0.320         |
| <i>Digital</i>    | 0.381  | 0.355   | 0.320           | 0.374         |
| <i>Climate</i>    | 0.155  | 0.354   | 0.310           | 0.301         |
| <i>Culture</i>    | 0.382  | 0.382   | 0.423           | 0.323         |

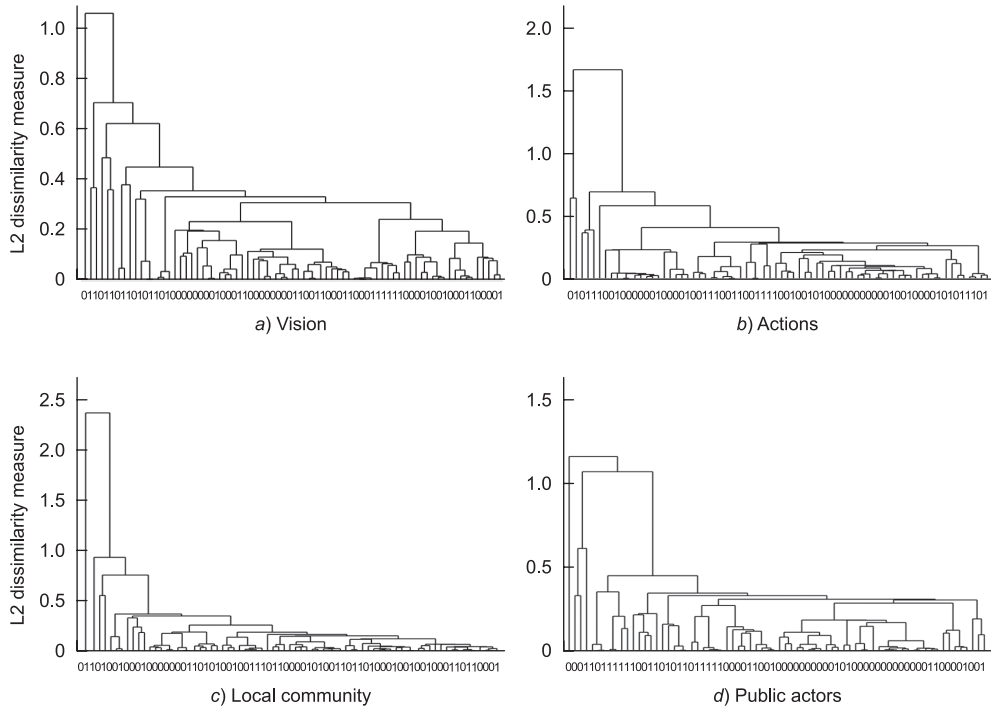
**Source:** Our elaboration from National Rural Network data.



**Figure 6:** Synthetic measures by macro-areas.

**Source:** Data ownership.

more evident in the case of *Actions* and *Public Actors* (panels *b* and *d*), while the distribution appears to be similar, looking at the *Local Community* (panel *c*). Focusing on *Public Actors*, we observe that the statistical mode of Southern distribution is quite different from that of the Centre-North.



**Figure 7:** Cluster Analysis.

**Note:** 0 refers to Centre-North and 1 to South. Hierarchical and single linkage methods.

**Source:** Data ownership.

This is an alarming signal which could potentially hamper rural development and should be urgently addressed by policymakers. In other words, LAGs in the South do not seem to find fertile ground in their public actors for a long-term development vision. However, the situation is more heterogeneous in the South – the curve is flatter – compared to the Centre-North. This evidence becomes even clearer looking at the results from a cluster analysis.

Figure 7 provides the dendrograms from a hierarchical cluster analysis. In the agglomerative clustering mechanism, each unit (LAG in our case) is sequentially combined into increasingly larger clusters until all units end up being in the same cluster. In each step, the two clusters separated by the shortest distance – in terms of the variable under analysis – are combined. We adopt single linkage as the agglomerative clustering method. We indicate the LAGs in the Centre-North with 0 and those in the South with 1. Especially in the cases of *Actions* and *Public Actors*, we can observe some «virtuous» clusters of LAGs in the Centre-North (sequences of zeros to the right along the *x*-axis), while the LAGs in the South appear to be poorly concentrated. This corroborates the previous evidence that LAGs as well as public actors in the Centre-North are more active in terms of a long-term view for rural



areas. However, not all LAGs in the South are the same: some of them are «virtuous» and some are not. Unfortunately, the local spillovers seem to be ineffective in the South, good practices seem not to be locally «contagious». In other words, place-based policies seem to generate poor (positive) externalities across Southern rural areas and this is a point on which policymakers should focus their attention.

#### 4. Conclusions and policy implications

Rural development has gained increasing attention in European agricultural and social cohesion policies. The vision of rural development that emerges from these policies is holistic, that is, it takes into account the complex multidimensionality of the phenomenon. The tools for its implementation are instead place-based – among all LEADER – and therefore are based on the enhancement of territorial specificities. This vision of development for rural areas was well expressed by the European Commission (2021b) in the Communication *A Long-Term Vision for the EU's Rural Areas – Towards Stronger, Connected, Resilient and Prosperous Rural Areas by 2040*, where four characteristics of the long-term development of rural areas are represented, each of which can be measured with different indicators.

However, processes of change at the macroeconomic level cannot be initiated without awareness and involvement on the part of microeconomic actors. This inspired the present research. The question it seeks to answer is: what is interest of the different local actors in a long-term vision for local areas? The recent survey conducted by the *National Rural Network* on 75 LAGs has made it possible to explore this phenomenon in the Italian context.

Synthetic indicators were constructed on 8 items that multidimensionally measure the long-term vision for rural areas. These indicators refer to *Actions* already taken by LAGs with a long-term vision and future expectations (*Vision*), as well as to the interest of the *Local Community* and *Public actors*. The analysis was conducted with the aim of comparing the two main macro-areas in Italy, the Centre-North and the South.

The main result of our analysis concerns the difference in interest in a long-term vision for rural areas between public actors in the Centre-North and those in the South. In this latter macro-area, public actors appear much more disinterested. This is clear according to the impressions of the respondents, who were the directors of the LAGs. This evidence shows an alarming sign of weak «connection» with public actors at least for sharing a long-term vision in rural areas of the South.

The empirical evidence provided leads us to some policy considerations. First, it could be necessary to rethink the ways in which local public actors are involved both in the preparation and implementation phases of Local Strategies to stimulate long-term local development in the South. For

example, it could be necessary to redefine the role and functions of Local Authorities for the implementation of the Strategies. In many cases, the participation of public actors has been reduced to a pure formality that, in the implementation phases, has not translated into better local governance: for instance, difficulties in supporting a collaboration between private and public actors and/or between planned interventions in the same LEADER Strategy as well as among other instruments, e.g. SNAI, PNRR (Di Napoli, Del Prete, 2018; Mantino, 2022; Modica *et al.*, 2021). Second, the *skills necessary* for local authorities to assume the roles and perform the functions useful for the implementation of the Local Strategies should be identified and provided. Among these, it is certainly necessary to strengthen the knowledge and capacity to use digital technologies to improve its organisation and optimise the efficiency and effectiveness of physical and intangible networks: infrastructure, services, production support, territorial use also for recreational purposes, etc. (Di Napoli, 2022; European Commission, 2021a), even in the smallest and remotest municipalities. In this regard, the ISTAT Report on Public Administration and ICT (ISTAT, 2020) highlights the high degree of «vulnerability» of small municipalities: lack of resources, staff seniority, low turnover, lack or insufficient training plans, managers who often do not pay particular attention to change. Third, the Local Strategies should further *foster cooperation between local authorities*, to trigger future processes of aggregation in territorial networks («project communities», i.e. groups of beneficiaries who, sharing concrete interests, develop an integrated common project to be implemented in a collaborative mode), including on a spontaneous basis. Finally, it is essential to *strengthen cooperation between public and private actors* so that virtuous processes of knowledge transfer and social innovation can be triggered and nurtured.

The policy considerations formulated here, based on the empirical evidence of the study, were discussed in the institutional meetings preparing the LEADER interventions (SRG05 and SRG06) of the new CAP Strategic Plan (MASAF, 2022), between the Ministry of Agriculture and the regional authorities. The implementing, technical and managerial mechanisms adopted have enabled the LEADER action to be strengthened in the sense described here. For example, the SRG05 intervention «LEADER Preparatory Support» to ensure efficiency of the activities planned in the LDS, must encourage the activation of local partnerships with adequate skills through the implementation of information and updating operations of local public and private stakeholders. At the same time, the SRG06 intervention «Implementation of LEADER Strategies» provides for the possibility of financing: *i*) «complex projects» – i.e. projects integrated and shared by groups of local beneficiaries on a wide range of interventions – to strengthen the synergies of local actors; *ii*) «pilot projects» – i.e. projects with possible simplified procedures – to encourage the emergence of ideas and innovative interventions that otherwise would not find funding opportunities; *iii*) «umbrella projects» – i.e.

projects for the purchase of small equipment and services for companies and municipalities – to encourage the adoption and dissemination of innovations. In addition, with interventions SRG05 and SRG06, LAGs will be able to assist local actors in the implementation of projects by providing them with skills and professionalism<sup>10</sup>.

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<sup>10</sup> In this regard, see the eligibility condition CR09 of the intervention SRG06 (p. 3030) in the CAP Strategic Plan approved with the EC Decision of 02.12.2022.

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