REGIONE TOSCANA

EVALUATION SERVICE OF THE RURAL DEVELOPMENT PROGRAM 2014-2020

Rome, March 2024

LATTANZIO
KIBS

Technical summary E2.2 Second LEADER Report:

Table of contents

AOOGRT / AD Prot. 0201730 Data 03/04/2024 ore 09:38 Classifica F.045.040.010.010.

i

Introduction

This report, the fourth since the start of the activity aimed at the self-assessment of the Local Development Strategies (LDS), serves as an ideal bridge for setting up the ex post evaluation. Where the E.1 Reports had consolidated the demand for evaluation and the theory of change underlying the LHINs, through direct involvement of the technical structures of the Local Action Groups (LAGs), partnerships, and beneficiaries, the E.2 Reports are characterized by a more tangible approach, aimed at investigating what actions by the LAGs have generated in the territories.

The first E.2.1 Report explored the impacts of the LAGs through a case-study-based approach, identified with the support of the LAGs as exemplifying different practices in supporting the processes of local development. The E.2.2 Report, on the other hand, lays the groundwork for starting the ex post evaluation process through the systematization of an initial core of interviews within a thematic analysis paradigm. Indeed, 27 in-depth interviews were conducted on as many projects, mainly located in the mountainous municipalities of the LAG areas, with the goal of identifying emerging trends around which to build the ex post evaluation path.

The report is structured to guide the reader through the analyses conducted:

- Chapter 1 is dedicated to the methodological part, illustrating the approach used, the data collection phase, and the subsequent steps planned for conducting the ex post evaluation;
- Chapter 2 delves into the evaluative analysis, describing the trends that emerge from the analysis across three domains: the territories, the beneficiaries, and the implementation tools. The chapter concludes with a description of the outcomes of the focus groups conducted with the LAGs;
- Chapter 3, finally, outlines the conclusions and main recommendations for LAGs and Managing Authorities in the form of a logbook.

1 The Methodological Approach in the Self-Assessment of the LDS

Grounded Theory embraces a research approach that posits theories should be constructed as emerging trends from the reading of information collected in a granular manner, through unstructured data collection methods. Since the beginning of the LEADER evaluation, indeed, non-standard techniques such as in-depth interviews, focus groups, and group mapping techniques have been chosen as information collection systems. Even in the analysis of secondary data, document analysis has always been prioritized over data from monitoring systems.

Text analysis revolves around two poles: one more quantitative, content analysis, and one more qualitative, thematic analysis. The latter bases its construction on the coding of texts through descriptive codes that indicate concepts expressing states (increase, decrease, improved, worsened, level of use, etc.) about properties (attitudes, opinions, behaviors, judgments, abilities, capacities, characteristics, etc.) related to people, organizations, or territories. The following figure offers an example of code collection related to the perspectives of the interviewed entity. The analysis consists of identifying "themes" that may represent trends underlying broader social phenomena that could explain what generates the LAG funding or which process the LHIN is accompanying, favoring, or stimulating.

Such an analysis does not exclude the possibility of also turning to content analysis, where it is also deemed necessary to verify the prevalent characteristics of certain beneficiaries, their attitudes towards LAG funding, their judgment on institutions, and so on. Content analysis can be compared to an analysis based on a structured questionnaire, where, however, in the case of content analysis, the questionnaire is constructed ex post based on the coding conducted.

A 'dynamic database' is available, continuously in motion, which, from the perspective of the ex post evaluation, will be enriched with additional concepts as the evaluation activities proceed.

To give an idea of the complexity and dynamism of the coding process, the salient features of the analysis process generated:

- Seven main variables, i.e., cross-sectional elements that, like in the quantitative data analysis, can represent data representation schemes: beneficiary type, project type (implementation tool), respondent type, common localization trajectory, company longevity, other company's business model, agricultural company business model,
- 368 codes that have been brought back to 61 higher concepts within 13 explanatory categories.

The following table reports the subjects who were interviewed for the drafting of this report, categorized accordingly.

Table 1: Interviewed Subjects by Entity Category

LAGs	Beneficiaries					Other relevant Actors		TOTALE
	Municipalities	Farms	Other Local business	No Profit body	Other Public bodies	Qualified witnesses	Technicians	
GAL Montagna Appennino	1	1		1				**3**
GAL Aretino	5	4						**9**
GAL Leader Siena	2	3						**5**
GAL START	2	3						**5**
GAL Lunigiana	1		3		1			**5**
TOTALE	**11**	**11**	**3**	**1**		**0**	**0**	**27**

From the perspective of the territorial trajectories identified in previous reports, the projects on which interviews were conducted (► see following figure, color-coded by LAG affiliation) largely fall into the quadrants of strong territorial brand and commuting/Airbnb model. Within the quadrant for self-sufficient local systems, four projects are situated, two of which also feature a brand attribute, while two projects fall into the more critical quadrant of depopulation.

Figure 1 Distribution of Locations of Interviewed Projects by Type of Trajectory
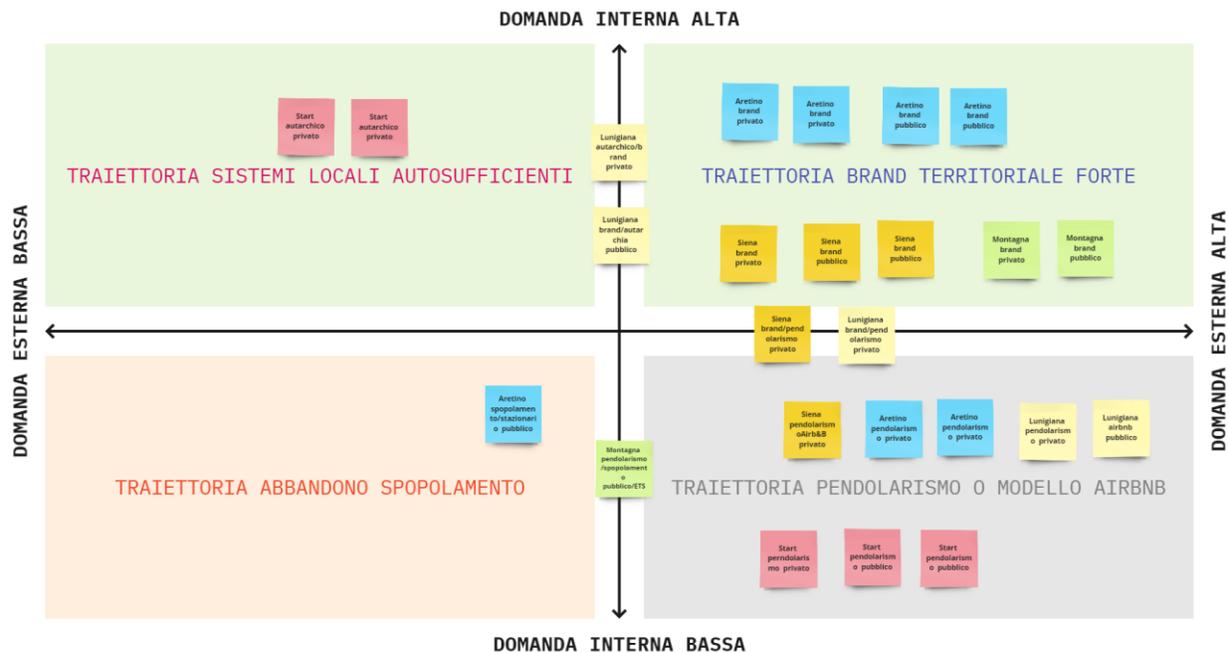
2   The Results of the Evaluation Process

Familiarizing with the texts of the interviews, an integral part of thematic analysis, has led to the development of four macro-themes through which to interpret the narratives of the beneficiaries. These consist of four types of orientations towards local development connected to two attitude continua: the first dimension relates to the general purpose of approaching the funding opportunities offered by the LAG (to change/renew or to preserve/enhance), the second dimension concerns the localization of the benefits of such funding (focused on the beneficiary organization/business or encompassing the territory). The intersection of these two dimensions allows for the identification of the following analytical typology:

- Pro-territory transformative/renewing orientation
- Pro-territory conservative/enhancing orientation
- Pro-organization/business transformative/renewing orientation
- Pro-organization/business conservative/enhancing orientation

This typology, as detailed in the following paragraphs, presents themes resulting from a hermeneutic interpretation of the 27 transcribed interviews, i.e., patterns of meaning identified as recurring among the different narratives of the participants and, although not generalizable, transferable to similar contexts. Indeed, while these four types of orientation – being general – can also be found elsewhere, the fact that all types are present in the Tuscan context is interesting in itself. Furthermore, it is of interest to note how such orientations are characterized in the specific case of the Tuscan LAGs, and which other aspects they are associated with.

For example, the analysis reveals a general tendency towards a conservative/enhancing attitude, both in terms of pro-territory orientation and pro-organization/business orientation (though to a lesser extent in this case). In the first case (pro-territory), it is primarily the public sector that prefers the conservation and enhancement of what already exists; in the second case, it is the private sector that does so. Conversely, the attitude of changing and renewing what already exists – being in the minority in both orientations, and especially in comparison to the pro-territory orientation – is more associated with the public sector in the case of the pro-organization/business orientation and the private sector in the case of the pro-territory orientation..

	private	public
Pro-territory transformative/renewing orientation	40%	25%
Pro-territory conservative/enhancing orientation	60%	75%
Total codes applied	141	275

	privato	pubblico
Pro-organization/business transformative/renewing orientation	33%	57%
Pro-organization/business conservative/enhancing orientation	67%	43%
Total codes applied	310	21

2.1 An Overall Interpretation of Emerging Trends

The analysis of the interviews, although limited to 27 projects, reveals some trends that will need to be further explored in the continuation of the evaluation activities. This exploration will involve retrospectively rereading the interviews already conducted and considering what will emerge from the evaluative research that will be focused on Community Projects. Within the broader framework of the four themes identified above, three trends have been highlighted, each summarized in every paragraph with evocative titles..

2.1.1 Returning or Arriving to Extract Value

An interviewee from the Siena LAG, with activities located in the Pienza area, recalls how his grandfather, a foreigner born and raised in Sardinia, upon arriving in Tuscany with other compatriots, introduced Sardinian sheep breeds into the local livestock. They passed on their artisanal skills, making that territory a benchmark for dairy production.

In territories located within the territorial brand quadrant of various LAGs, particularly in Siena and Lunigiana, the "new" foreigners, whether they are natives "returning" or subjects residing in other regions or nations, tend to have an 'extractive' approach.

This approach manifests in two ways:

- The acquisition of companies specialized in territorial productions, in which investment is made to market all the production outside the territory and the Region in already established circuits. These are subjects showing little interest in creating local networks or interfacing with administrations except for strictly technical-bureaucratic aspects related to the company's development. This is the case of a wine company owned by a holding with foreign capital that owns more than 40 restaurants abroad: *"it does not need marketing networks or to participate in projects aimed at strengthening the supply chains as it is a leading group in catering and has established commercial channels."* And it's also the case of another company where the owner *"essentially markets by himself, selling the distillate abroad to his own, almost family-owned company, where he uses these essential oils to make creams, for the body, for the hands"*;
- The return or requalification of inherited properties to import 'metropolitan' business models related mainly to tourism. Even in this case, there is a low threshold of interest towards local networks and communities. It's the case of a building in Lunigiana that has been requalified by heirs who live and reside outside the GAL area. Their commercial success is not well-regarded by the residents: "*we tried to buy other properties in the area because we wouldn't mind expanding the investment a bit, but either we can't find them or when they realize it's us buying, the prices triple. And probably they've seen that we've come here to invest some money and think to exploit us a bit so we'll let it be, now we'll see, we'll look elsewhere.*" The booking system relies on the most widespread circuits worldwide, welcoming is managed completely remotely, and even if some of the supplies rely on the local system, the services they want to promote are linked to a type of urban tourism (wellness area and home restaurant).

Unlike in the past, new industrial settlements are not created, nor are forms of durable innovation in the primary sector; instead, there seems to be new forms of extraction of material assets (food

and wine productions) and immaterial (cultures and knowledge) to the benefit of wealth that generates well-being elsewhere.

2.1.2 Tourism as a Trap …

The paragraph refers to the concept of a trap, an element that is evoked in economics when an expansionary monetary policy fails to stimulate economic growth despite very low or near-zero nominal interest rates, generating unexpected and unintended consequences.

During the last major recession (2008-2015), despite the significant increase in the monetary base through the Quantitative Easing policy[1], there was no corresponding increase in the circulation of money: this is because businesses and consumers, facing a recession, preferred to contain debt rather than increase spending or investments, believing that the recessionary scenario would persist.

This concept can be useful to focus on the second trend that seems to emerge from the interviews, summarized in the tourism trap can be defined as that condition in which the small Municipalities of the GAL areas located in the territorial brand quadrants find themselves, characterized by that vicious circle (► following figure) that is activated, unintentionally, in progressively ferrying the Municipalities with a territorial brand towards the Airbnb model quadrant..

Figure 2 The tourism trap
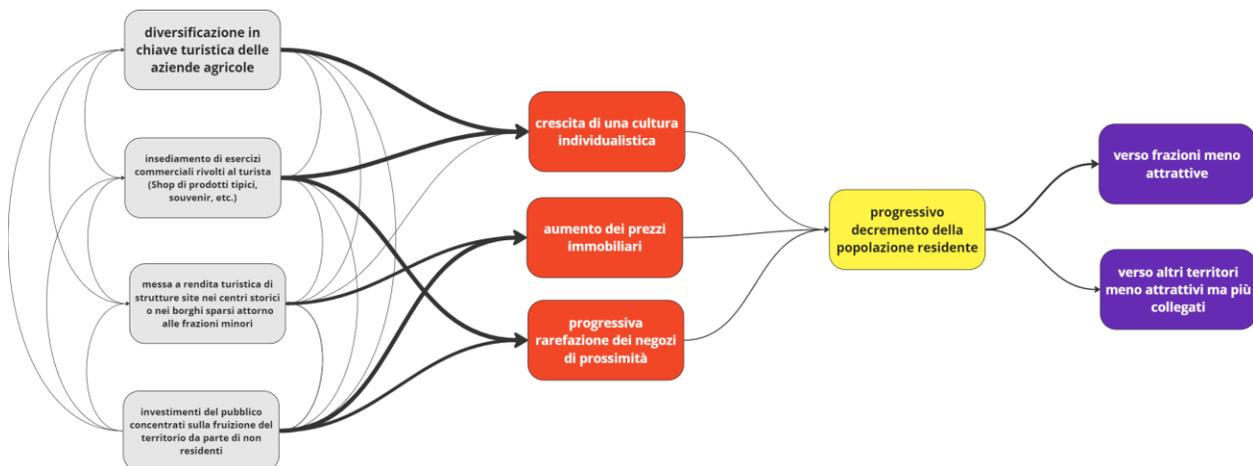
In small municipalities with fewer than 5,000 inhabitants that were subjects of the interviews, it seems that there have been dynamics initiated for decades which have seen tourism as one of the legs of the chair on which to support the local economy, until it became the only, or at least the main, demand for goods and services. These are municipalities included in the circuit of the most beautiful villages in Italy, which see their visitor numbers triple in the summer months and which face the challenge of de-seasonalizing tourist flows throughout the rest of the year. A kind of monocultural economy that has progressively captured the imagination of residents and

---

[1] is a monetary policy used by central banks to stimulate the economy when traditional methods, such as cutting interest rates, become ineffective. This strategy involves the purchase of government bonds and other financial securities on the market to increase liquidity and encourage spending and investment.

businesses towards a model of dependency on tourism, which has guided the choices of institutions and has influenced the decisions of businesses and residents.

In tourist brand areas, farms diversify, the public invests in tourism and culture, but all this has generated and is generating a loss of the connective fabric made up of small basic businesses (concentration of souvenir shops or food and wine shops) and a significant outflow of the resident population both in the larger fractions and, more significantly, in the fractions located in the more marginal municipal areas. Without residents, the demand for essential health and education services also diminishes, and like a dog chasing its tail, a spiral of sliding towards a neo-residential 'model' largely based on the presence of tourists is activated.

The possible options seem to come from those who have been within that system of dependence for years, "*the trend is to accommodate tourism by trying to shore up basic activities and services, even with interventions for the restructuring and requalification of small villages in the more marginal fractions*."

Within this scenario, the LAGs have financed and supported projects that continue to pursue strategies for the tourist enhancement of territories, especially those municipalities that focus on de-seasonalization as a key to maintaining a minimum level of demand throughout the year that is capable of supporting basic commercial activities.

2.1.3 Investing to Be Self-Sufficient

The last observed trend delves into the dynamics of private investment. The conducted analysis is very focused on agricultural companies, but as mentioned in paragraph 1.3, during the ex-post, it will be possible to have a larger number of entrepreneurial realities active in other sectors.

Most of the entrepreneurs interviewed operate within a 'self-referential' business strategy where the margins and repercussions are internal, regardless of the peculiarities of the territories in which they are located:

- Non-agricultural companies, located in the commuting quadrant, tend to develop services that meet the standard needs of residents and non-residents (from personal care and health to housing).
- Family-run agricultural companies tend to diversify significantly into tourism and transformation to integrate company income.
- The stronger companies create their own supply chains or purchase from other territorial realities but with the purpose of transforming and marketing their brand.

In general, there is a low capacity to work in networks or with a community perspective. Most agricultural companies are so engaged in their own business activities that they do not contemplate the possibility of fostering other relationships unless they have internal repercussions that align with the investments made: "*What will change in terms of relations with other external entities is the productive capacity. With the new machines, I can easily buy chestnuts from local producers and process them in the laboratory because the machines have a greater capacity than the previous ones. In fact, I am making contacts with large retailers, something I could not afford before as I did not have sufficient productive capacity*."

For the stronger realities, the community perspective is reduced to the agricultural vocation: the cultivation of the place, if enhanced, seems to automatically have a fallout on the local system that

is more occupational: "*we make the product within the company, we have all the various production lines that involve the transformation of raw materials and then its subsequent packaging and shipping. So, we autonomously take care of the commercial part as well, we have internal salespeople for both Italy and abroad. In Italy, we mainly work with large retailers and then in certain regions, we have agents who are multi-brand, so they sell both our products and those of other companies.*"

Even for the young, the primary focus is on production processes, on the ability to make them more efficient to be able to dedicate themselves to other company activities, neglecting the dimension of network and community and betting on existing platforms: "*we are not integrating with anything extracurricular that operates in the territory because we simply do not have the time. The experience with the supply chain was not positive. With these last investments, having more time, we would like to start promoting ourselves in some tourist circuit, especially for the restaurant part.*"

Even the strategies for tourist diversification move within an individualistic paradigm where booking platforms make the difference "*who goes to the Apennines, goes to a place still authentic and finds authentic things, which he does not find elsewhere. He does not look for completely structured companies, companies that have features managed only from a tourist point of view, but he looks for truth, to live as we live.... Soon, after the work for further expansion, I will have more rooms and will start to promote myself for myself and I plan to start making a presence in a short time.*"

In the previous report, in a case study conducted on a PIF, it was observed how the presence of a strongly motivated leader had allowed the creation of a real network of operators, not utilitarianly aimed at taking funding. In the context of the ex-post evaluation, it will be interesting to investigate how PdCs may have contributed to "breaking" this individual dimension that the single announcement seems to facilitate.

3   Conclusions and Recommendations

3.1   The Logbook

In line with the requirements of the Specifications, the main recommendations are presented below in the form of a "Logbook." This framework will be the subject of the final workshop and focus group, planned after the delivery of the Report to facilitate the transfer of the results of the (self-)evaluation process.

Theme	Conclusion	Recommendations
Returning to Extract Value	In territories located in the territorial brand quadrant of various LAGs, specifically referring to the Siena LAG and the Lunigiana LAG, the "new" foreigners, whether they are natives returning to their origins or subjects residing in other regions or nations, tend to have an 'extractive' approach. Unlike in the past, where new industrial settlements were created or durable innovations in the primary sector were introduced, it seems we are now witnessing new forms of extraction of material assets (food and wine productions) and immaterial assets (cultures and knowledge) for the benefit of wealth that generates well-being elsewhere	Alongside the tools available through LEADER, there is a need to rethink at the regional policy level what countermeasures can be introduced to support a less extractive local development, capable of retaining within the territories the wealth generated.
Tourism as a Trap:	The second trend that seems to emerge from the interviews, summarized as the tourism trap, can be defined as the condition in which small municipalities in the GAL areas located in the territorial brand quadrants find themselves, characterized by that vicious cycle (►following figure) that unintentionally activates, progressively ferrying territorial brand municipalities towards the Airbnb model quadrant. Within this scenario, the LAGs have funded and supported projects that continue to pursue strategies for the touristic valorisation of territories, especially those municipalities that focus on de-seasonalization as a key to maintaining a minimum level of demand throughout the	Consider the possibility of introducing in the new programming, GAL-led operational modes on tourism, similar to what happens in the EMFF, to be able to govern local development processes of the public.

Theme	Conclusion	Recommendations
	year that can support basic commercial activities.	
Investing to Be Self-Sufficient	Most of the interviewed entrepreneurs operate within a 'self-referential' business strategy where the margins and impacts are internal, regardless of the peculiarities of the territories where they are located. Generally, there is a low capacity to work in a network or with a community perspective. Most agricultural companies are so focused on their business activities that they do not consider the possibility of nurturing other relationships unless these have internal repercussions aligned with the investments made.

In the previous report, a case study conducted on an Integrated Project Fund (PIF) observed, on the contrary, how the presence of a highly motivated leader had allowed the creation of a real network of operators, not merely aimed at securing funding. From the perspective of the ex-post evaluation, it will be interesting to investigate how Community Projects (CdPs) may have contributed to "breaking" this individual dimension that the single announcement seems to facilitate. | The single announcement tool does not seem effective enough to strengthen local actors in a network and community perspective. While PIFs and Integrated Territorial Projects (PITs) have hinted at the possibility of stimulating aggregative processes, community projects still represent a question mark. The evaluation will delve into the CdPs to analyze whether and how weaker local actors manage to promote community development currently less intercepted by EAFRD funds. |