COHERENCE BETWEEN STRATEGIES AND TOOLS IN ITALIAN RURAL DEVELOPMENT PROGRAMS 2007-2013: A COMPARATIVE ANALYSIS

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Rete di informazione della Commissione Europea

Paper prepared for the 109th EAAE Seminar " THE CAP AFTER THE FISCHLER REFORM: NATIONAL IMPLEMENTATIONS, IMPACT ASSESSMENT AND THE AGENDA FOR FUTURE REFORMS".

Viterbo, Italy, November 20-21st, 2008.

Abstract

In the years to come Rural Development Policies will be an increasingly important part of EU Cohesion Policies. In particular, Convergence Regions with a high percentage of rural areas and a major development gap will be the most affected by this scenario.

The objectives of this paper are twofold. The first is to analyze Italian Rural Development Programs in order to investigate how the Italian regional authorities have interpreted the potential role of the new RD programs and identified the specific strategies to be pursued. The second objective is to evaluate the coherence between strategies and tools indicated in the different programs. The financial plans will be compared in order to detect the possible different strategic approaches existing among regions characterized by different situations and development levels of the agricultural sector and the rural economy.

For developing the analysis we will adopt the menu approach (Terluin, Venema, 2004). We will analyze three main steps which have to be taken in applying this method: (1) identification of rural development priorities; (2) selection of rural development measures to determine rural development priorities; and (3) allocation of finance to take such rural development measures. Following this approach, the 21 Italian Rural Development Programs will be compared. The first results show that the different regions selected quite a large number of rural development measures from the potential menu. Moreover, the different importance given to the agricultural and rural sectors in selecting various measures is never clear-cut.

Keywords: RDP, Policy Coherence, Italian RDP

JEL Code: Q10, Q18

Introduction

The process of reform of the Common Agricultural Policy, starting with the MacSharry reform in 1992, has become increasingly important over the time. This process, due to the market and pricing policy, entails a shift from price support to direct payments, whilst the structural policy has been transformed into the so-called second pillar of the CAP. In short, the second pillar, introduced with EC Reg. No 1257/99, consists in a package of measures for rural development policy, which aims to facilitate the adaptation of agriculture to new realities and further changes in terms of market evolution, market policy and trade rules, consumer demand and preferences, and Community enlargement. Whereas all these changes affect not only agricultural markets but also local economies in rural areas, rural development policy aims at restoring and enhancing the competitiveness of rural areas and hence contributes to maintaining and creating employment in such areas, taking into account the need to support the multifunctional role of agriculture, the protection both of the environment and the natural and cultural heritage. The reform of the Common Agricultural Policy in June 2003 and April 2004 introduces major changes likely to have a significant impact on the economy across the whole rural territory of the Community in terms of farm production patterns, land management methods, employment and the wider social and economic conditions in the various rural areas. Accordingly, rural development policy has been further reformed to accompany and complement the market and income support policies and thus contribute to achieving relevant policy objectives. A new EC Regulation (no. 1698/2005) is the reference framework for the second pillar of the CAP. As specified below, it introduces many important changes for the implementation, programming, financial management and control framework for rural development programs.

Thus, rural development policy has gained importance over time especially for convergence regions[1] with a high percentage of rural areas and a major development gap. We aim to emphasize the different nature of the agricultural development models with respect to rural development models. As has been recently argued (Marenco, 2007; European Commission, 2003; OECD, 1999) the two development patterns are widely different given the specific sectoral approach of the former and the territorial approach of the latter. Both development patterns imply complex strategies that involve coordination and complementarities among European Funds. To this end, EC Regulation no. 1698/2005 establishes that the EAFRD shall complement national, regional and local actions and that the assistance of the EAFRD shall be consistent with the objectives of economic and social cohesion policy. This means coordination with the European Regional Development Fund

[1] A Convergence objective covers the Member States and regions whose development is lagging behind. Their per capita gross domestic product (GDP) is less than 75 % of the Community average. The phasing-out regions are those suffering from the statistical effect linked to the reduction in the Community average following EU enlargement. Hence they benefit from substantial transitional aid in order to complete their convergence process. A Regional competitiveness and employment objective is to cover the area of the Community outside the Convergence objective. The regions eligible are those coming under Objective 1 in the 2000 to 2006 programming period which no longer satisfy the regional eligibility criteria of the Convergence objective and which therefore benefit from transitional aid, as well as all other regions of the Community.

(ERDF), the European Social Fund (ESF), the Cohesion Fund (CF), the Community support instrument for fisheries, and the interventions of the European Investment Bank (EIB), and of other Community financial instruments. To be sure, complete analysis of agricultural-rural development policies should take into account this coordination but in this article we focus only on the Regional Rural Development Plans (RRDPs), that is on that part of agricultural-rural development policies financed by EAFRD.

In light of the above, in this article we seek to explore the 21 RRDPs of Italian regions in order to identify their strategy models and evaluate how such strategies are coherent with their needs. To achieve this objective we make use of a theoretical framework according to which different kinds of agricultural-rural development models are possible for the different types of regions. We identify four agricultural-rural development models: competitiveness, environment services, farm activity diversification, rural. For each of these models we may find a correspondence with a mix of second pillar measures (EC Reg. No. 1698/2005). The total number of measures foreseen under EC Reg. No 1698/2005 represents the whole menu from which the region may select those which best suit their needs. Obviously, each region should pursue one or another model or a mixed one according to its socio-economic and territorial characteristics. To verify this hypothesis we use three analytical steps:

1. Principal component analysis and cluster analysis on socio-economic and territorial variables of the 21 Italian regions to identify different regional types beyond the fundamental difference between convergence and competitive regions.
2. Analysis of the RRDPs through the menu approach (Terluin, Venema, 2004) to identify the strategy pursued by different regions.
3. Evaluation of the coherence between the strategy chosen by the region and their specific needs.

The article is structured as follows. Section 2 is dedicated to the theoretical background; the third to the methodological framework. Section 4 presents the results and is followed by some concluding remarks in Section 5.

The European agricultural model and rural development strategies: the theoretical background

In the last two decades the development of rural areas has increasingly been the focus of scientific and political debate all over Europe. The need for continuous adaptation of the European agricultural and rural model and the policies to enhance it have been stimulated by the immense changes in the European Union. On the one hand, a number of "internal" factors could be recognized as the engine of this "adaptation process" such as the structural changes of the European economy (from an industrial-based to a service-based model), the increasing relevance of environmental issues (both at local and at global level), new relationships

between health and nutrition, new life-styles and models of food consumption, renewed attention through food safety concerns, the preference of European citizens to enhance their quality of life, and an increasing demand for rurality. On the other, the external political pressure deriving from international agreements of the EU within the WTO and the liberalization process of the global markets has necessitated a change in the political support given to agriculture and rural development strategies.

As a consequence, the "new" European agricultural and rural model has been based progressively on two main concepts which could be summarized by the terms "multifunctionality" and "differentiation/diversification". These entail a more complex model of development based on the increasing centrality of rural areas which may be seen as a set of environmental, natural, cultural, historical and economic resources which have to be enhanced in the development process.

On the basis of such dynamics, the rural development strategies of the European Union have been reformed in conceptual and political terms. Starting from the Cork Conference statements (Cork Declaration, 1996) the objectives and priorities of rural development have been based on integrated and sustainable development in which the role of agriculture and the food sector is linked to the process of enhancing social, economical and environmental resources at the local level. Thus the European agricultural and rural model and the related rural development strategies have gained the capacity to meet both the "internal" and the "external" needs of European society, on the one hand, and the constraints of the Common Agricultural Policy, on the other.

EU Rural Development Policy is currently based on Council Regulation (EC) No. 1698/2005. This regulation provides a more strategic approach to rural development for the period 2007-2013. Its general aim is to ensure the sustainable development of rural areas focussing on a limited number of objectives relating to agricultural and forestry competitiveness, land management and environment, quality of life and diversification of economic activities, taking into account the diversity of situations, ranging from remote rural areas suffering from depopulation and decline to peri-urban rural areas under increasing pressure from urban centres .

The new rural development regulation puts in place a significantly simpler and more strategic (i.e. objective rather than measure-led) approach to rural development through the definition of three core objectives and a reorganisation of sub-objectives and measure objectives. The main changes are the following:

(1) Simplification of policy implementation by introducing a single funding system (according to the principle: one fund, one programme) for rural development and the change in the programming, financial management and control framework for rural development programmes;

(2) Definition of three core objectives for rural development measures (Article 4):

- Improving the competitiveness of agriculture and forestry by support for restructuring, development and innovation;
- Improving the environment and the countryside by supporting land management;
- Improving the quality of life in rural areas and the diversification of economic activity;

A thematic axis corresponds to each core objective, around which rural development programmes have to be built, whilst a fourth horizontal and methodological axis is dedicated to the mainstreaming of the LEADER approach.

(3) Agreement of Strategic Guidelines for Rural Development, which identify European Priorities for Rural Development in order to:

- contribute to a strong and dynamic European agro-food sector by focusing on the priorities of knowledge transfer, modernisation, innovation and quality in the food chain and priority sectors for investments in physical and human capital;
- contribute to the priority areas of biodiversity, and preservation and development of high nature value farming and forestry systems and traditional agricultural landscapes, water and climate change;
- contribute to the overarching priority of the creation of employment opportunities and conditions for growth;
- contribute to the horizontal priority of improving governance and mobilising the endogenous development potential of rural areas.

Member States should develop their rural development strategies in the light of these objectives and European priorities and, based on the analysis of their own situation, should choose the measures most appropriate to implement each specific strategy. Rural Development Programmes (RDPs) then translate the strategy into action through the implementation of these measures, which follow the four operational axes (Articles 20, 36, 52, and 63 of EC Reg. 1698/2005). Thus, each Member State has prepared its rural development national strategy plan constituting the reference framework for the preparation of rural development programmes.

It seems clear that the key part of this strategy is played by the role of multifunctional and diversified agriculture as a promoter of local development processes. In this perspective the multifunctional diversified farm is not only the place where material value is created but also the organisation which could promote the immaterial welfare based on ecological equilibrium, environmental preservation, food quality and safety (Henke, 2004). For these reasons it is important to recognise and distinguish the concept of multifunctionality (as the capacity to produce in conjunction with the primary activities a set of secondary services which have the feature of externalities such as landscape, environmental management, etc.) in the processes of diversification/differentiation (such as the capacity of farms to implement

new activity other than agriculture such as tourism, educational services, in-farm food processing, typical and local production, short chain development, organic products, etc.) to increase and broaden income sources and off-farm activities, as part of the progressive "regrounding" of the farmer and his/her family activities through other economic sectors (Van der Ploeg et al., 2002).

Rural development strategies have to enhance this model, seeking to optimise the capacity of farms to "create value" in the rural context by using local resources. Three main strategies to enhance this process are more evident: the first considers strategy in the dynamic of "value creation", the process of "deepening" farm activities to cover food processing, high quality and regional production, organic farming and short supply chains. This strategy entails a reorganisation of production, innovation and conventional asset substitution inside the farm (Van der Ploeg et al., 2002). The second strategy is based on the concept of "broadening" which is the process of "enlargement" of farm activities related, on the one hand, to the provision of public goods to society such as environmental management, landscape protection, rural heritage preservation and, on the other, to the production of marketable services such as tourism and recreational services (Van der Ploeg et al., 2002). The last strategy is represented by the "regrounding" processes based on the increasing opportunity for a farmer and his/her family to develop off-farm activities and differentiate the source of income (Van der Ploeg et al., 2002). According to the structure of the rural development policies presented in Council Regulation (EC) No. 1698/2005 we may identify a connection between the selected priorities (axes) and the type of agricultural and rural model to be supported and promoted for the near future: if the competitiveness measures (axis 1) seem to be more related to the "deepening" strategies, "improving the environment and the countryside by supporting land management" priority (axis 2) appears able to enhance "broadening" farm strategies (green services), while "improving the quality of life in rural areas and encouraging diversification of economic activity" priority (axis 3) and LEADER axis are much more related both to the "marketable-side" of broadening strategies (agritourism, new on-farm activities, etc.) and "regrounding" strategies (off-farm activities). More specifically, we can consider the importance attached to some measures on the menu (i.e. the share of total budget and the type of interventions supported) as the most significant “proxy” to highlight regional rural development strategies: measures 124 and 125 could be considered an indicator of a “deepening-oriented” strategy, measures 214 and 215 as an indicator of “green service-oriented” strategy, measure 311 as an indicator of “broadening-oriented” strategy while the other measures on axis 3 and the LEADER axis as an indicator of “local development-oriented” strategy.

The methodological framework

Regional types and their socio-economic characteristics

The first step of the adopted methodological framework was to identify of the different regional types. This was done using a set of socio-economic variables for the 21 Italian regions representing the main regional features related to the economic and social dynamism and competitiveness, the natural resource and the environmental endowment, the degree of development and the relevance of rural areas.

The different regions was identified, classified and classified through an analytic technique already used and tested to determine homogeneous area systems at a sub-national level. This technique implies the identification of a range of socio-economic and geographic features related to regional administrative units, which represent the base variables. The database obtained in this way was then used for a Principal Component Analysis (PCA) in order to get a synthesis of the information detected at base level. This synthesis is represented by the Principal Components (the synthesis variables). On the basis of this information the synthesis variables were used to make a Group Analysis. It was thus possible to identify homogenous groups of regions in relation to the main differentiation factors identified in the PCA. These homogeneous groups represent the different region typologies. The base variables used for the determination of territorial differentiation factors referred to the Context and Baseline indicators as presented and listed in the Handbook on Common Monitoring and Evaluation Framework and quantified by the Regional Administrations. The total number of base variable used are 15 related to 5 different typologies: economic, demographic, social, agricultural and environmental features (see table 1).

Menu approach

The menu approach is an instrument to analyse the strategies chosen from the regions and, at the same time, verify if the selected strategy are tailored to their specific needs and requirements. This part of the analysis therefore consists in identifying the chosen strategies whereas a strategy is defined through the selected measures from the second pillar menu (table 2). As explained above, we need to refer to Regulation (EC) No 1698/2005, that is the actual reference framework for the second pillar of the Common Agricultural Policy (CAP). According to this regulation, the regions have chosen their strategy for rural development, that is the measures they think best suit their rural development needs. EC Regulation No. 1698/2005 identifies three core objectives for rural development policy. Each of these may be pursued through a set of specific measures although there are some measures that suit more than one objective.

Table 1 - Base variables used in the Principal Component and Cluster Analysis

Number	Base variable	Meaning
1	Relevance of rural-intermediate areas (% on Total regional area)	Socio-demographic features
2	Rural population (% on total population)	
3	Regional Employment Rate	Economic conditions
4	GVA/per capita (% of UE 25 mean-value)	
5	Less Favoured Areas (% on Total regional area)	Geo-economic features
6	Agricultural Land Use (%UUA/Total regional area)	Agricultural features
7	Employment Development of Primary Sector (hare of primary sector in total employment)	
8	Productivity in the primary sector (GVA/AWU)	
9	Economic Development of Primary Sector (%Total GVA)	
10	Farmers with Other Gainful Activity (% holders with other gainful activity)	
11	Relevance of intensive agriculture areas (% on Total regional area)	
12	Areas at Risk of Soil Erosion (JRC - Pasera model index)	Environmental conditions
13	Relevance of Nitrate Vulnerable Zone (% on Total regional area)	
14	Relevance of artificial land use (% on Total regional area)	

The measures are grouped into three operational axes, each of which corresponds to one of the three objectives:

I. axis 1. Improving the Competitiveness of the agricultural and forestry sector;

II. axis 2. Improving the environment and the countryside

III. axis 3.Quality of life in rural areas and the diversification of the rural economy.

The fourth horizontal methodological axis, LEADER, is dedicated to mainstreaming the LEADER approach. The support granted under this axis is for:

(a) implementing local development strategies to achieve the objectives of one or more of the three other axes;

(b) implementing cooperation projects involving the objectives selected under point (a);

(c) running the local action group, acquiring skills and animating the territory (Article 59).

Finally, there is a last measure for technical assistance.

As reported in figure 1 the number of measures for each axis widely varies. The number of possible measures is 41: 14 for axis 1; 13 for axis 2; 8 for axis 3 and 5 for the LEADER axis. Moreover, there is an important innovation in EC Reg. 1698/2005: the balance between objectives (Article 17) according to which the Community's financial contribution to each of the three objectives must cover, at least, 10 % of the EAFRD total contribution to the programme for axes 1 and 3, at least 25 % for axis 2 and at least 5 % shall be reserved for axis 4.

Table 2 - Rural Development measures of the second pillar

Articles	Axis		Measure code	Measure title
Art.20-35	Axis 1 Competitiveness	Human capital	111	vocational training and information actions
			112	setting up of young farmers
			113	early retirement of farmers and farm workers
			114	use of advisory services by farmers and forest holders
			115	setting up of farm management, farm relief and farm advisory services
		Physical capital	121	modernisation of agricultural holdings
			122	improvement of the economic value of forests
			123	adding value to agricultural and forestry products
			124	cooperation for development of new products, processes and technologies
			125	infrastructure related to the development and adaptation of agriculture and forestry
			126	restoring agricultural production potential damaged by natural disasters
		Quality	131	meeting standards based on Community legislation
			132	participation of farmers in food quality schemes
			133	information and promotion activities
Art. 36-51	Axis 2 Improving the environment and the countryside	Sustainable agricultural use	211	natural handicap payments to farmers in mountain areas
			212	payments to farmers in areas with handicaps, other than mountain areas
			213	Natura 2000 payments and payments linked to Directive 2000/60/EC
			214	agro-environment payments
			215	animal welfare payments
			216	support for non-productive (agricultural) investments
		Sustainable use of forestry	221	first afforestation of agricultural land grant and premium scheme
			222	first establishment of agroforestry systems on agricultural land
			223	afforestation of non-agricultural land
			224	Natura 2000 payments
			225	forest-environment payments
			226	restoring forestry potential and introducing prevention actions
			227	support for non-productive investments
Art. 52-60	Axis 3 The quality of life in rural areas and diversification of the rural economy	Economic development	311	diversification into non-agricultural activities
			312	creation and development of microenterprises to promote economic development
			313	encouragement of tourism and developing the economic fabric
		Quality of life	321	basic services for rural population and economy
			322	village renewal and development
			323	conservation and upgrading of rural heritage
		Human capital	331	training and information measures for economic actors operating in the fields covered by axis 3
			341	skills acquisition, animation and implementation
Art. 61-65	Axis 4 LEADER	Implementation of local development strategies through the selection of Local Action Groups (LAGs)	411	implementation of local development strategies, competitiveness
			412	implementation of local development strategies, environment/land
			413	implementation of local development strategies, quality of life and diversification
			421	interterritorial and transnational cooperation
			431	running the local action groups, acquisition of skills and animation"

Source: EC Reg. 1698/2005

Starting from such considerations, to identify the strategy implemented by a specific region or a homogeneous group of regions, we considered the following different indicators:

1. First: the total number of chosen measures and, subordinate to this, the axis with the largest number of measures. This gives a first indication about the selectivity of the Regional Rural Development Programme (RRDP). As found by some authors (Dwyer et al., 2002), a wide selection involves the risk of fragmenting the financial resources. In addition, while the wide menu of the second pillar enables policymakers to make a wide selection, it is a suitable tool for policymakers to satisfy the demands of all kinds of interest groups. This particularly holds where there is no will to change with respect to the past, thus continuing to benefit those interest groups who benefited from past policies (Terluin, Venema, 2004).

Table 3 - Number of measures selected from the second pillar menu by the Italian regions

Region	Axis 1: max 14 measures	Axis 2: max: 13 measures	Axis 3: max 8 measures	Axis 4: max 5 measures	Total: max 40 measures
Valle d'Aosta	5	3	3	3	14
Piemonte	12	7	7	5	31
Lombardy	12	6	6	5	29
Bolzano	10	4	4	5	23
Trento	6	4	5	4	19
Veneto	14	9	7	5	35
Friuli Venezia Giulia	8	9	6	6	29
Liguria	13	9	6	5	33
Emilia Romagna	10	8	7	5	30
Tuscany	11	9	1	4	25
Umbria	13	11	6	3	33
Marche	11	10	4	3	28
Lazio	12	11	8	5	36
Abruzzo	10	8	6	5	29
Molise	12	8	5	4	29
Sardinia	12	8	3	4	27
Basilicata	11	7	5	3	26
Campania	14	10	7	5	36
Puglia	11	8	6	4	29
Calabria	9	8	6	5	28
Sicily	11	8	8	3	30

Source: Italian RRDPs 2007-2013

2. Second: the share of the FEARD budget among the four axes. The size of the budget indicates the relative importance of the axis. This indicator suggests the agricultural-rural development model of the region. There is, for example, a marked difference between development strategies with a large share of the FEARD budget on axis 1 with respect to another that assigns much of it to axis 3 plus the LEADER axis.

3. Third: the share of the FEARD budget assigned to specific groups of measures. As explained above, this refers to those measures that, for us, define a specific rural development model of the region. Measures 121 plus 123 for the competitiveness agricultural development model; measures 214 plus 215 for the environmental agricultural model; measure 311 for an agricultural development model based on the diversification of the farm economic activities; the other measures of axis 3 plus the measures of the LEADER axis for a rural development model. With respect to this third indicator we will consider the fixed share of the FEARD budget as indicative of one or another development model.

Clearly, all such indicators are important to identify the agricultural development model, i.e. the strategy chosen by the regions.

Analysis of the rural development measures selected from the menu by different regional types

The socio-economic analysis

Data analysis has been carried out through a factorial analysis technique (Principal Component Analysis) followed by a hierarchical cluster analysis. As a first step, a set of variables, selected on the base of the theoretical indications, was used to identify and classify regional types. Starting from 14 variables, we extracted 5 principal components that explain the 83% of the whole variance. In table 1 there is the factor loading matrix, where correlation coefficient higher than 0.40 in absolute value were indicated. The matrix is the basis to interpret the meaning of each principal component representing the main regional differentiation factors.

Table 4 - Factor loading matrix

Variables	Component					Communalities
	1	2	3	4	5	
	Socio-economic welfare	Relevance of land management	Intensity of agricultural process	Rurality	Diversification process	
Relevance of rural-intermediate areas (% on Total regional area)		**0,91**				0,88
Rural population (% on total population)				**0,87**		0,82
Regional Employment Rate	**0,90**					0,86
GDP/per capita (% of UE 25 mean-value)	**0,92**					0,90
Less Favoured Areas (% on Total regional area)		**-0,68**			0,39	0,79
Agricultural Land Use (%UUA/Total regional area)	-0,45	0,40		0,50		0,77
Employment Development of Primary Sector (share of primary sector on total employment)	-0,57			0,48		0,87
Productivity in the primary sector (GVA/AWU)	**0,70**		0,47			0,86
Economic Development of Primary Sector (%Total GVA)	-0,48			**0,54**	0,48	0,87
Farmers with Other Gainful Activity (% holders with other gainful activity)					**0,77**	0,73
Relevance of intensive agriculture areas (% on Total regional area)			**0,89**			0,84
Areas at Risk of Soil Erosion (JRC - Pasera model index)		**0,78**				0,69
Relevance of Nitrate Vulnerable Zone (% on Total regional area)			**0,48**			0,82
Relevance of artificial land use (% on Total regional area)			**0,80**	-0,46		0,93

KMO's test =0,603; Bartlett's Test of Sphericity = 169,9

The first component explains 33% of the total variance and allows to distinguish regions according to their different economic welfare. As the first component increases, moving from negative to positive values, socio-economic welfare change from a condition of less development (low rate of GDP per capita, relevance of a traditional sector such as agriculture, etc.), to situation where the whole socio-economic welfare is considerable high. More information on the potential impact of agriculture on soil management is synthesized in the second component (19,9% of explained variance). This variable is also a proxy of the relevance of the "hilly" agriculture in the regional context, where higher is the risk of erosion and less intensive could considered the agricultural processes.

The third component (12,5% of the total variance) is positively correlated with the intensity of agricultural practices and the relevance of urbanised areas. It is clearly a proxy of how intensive is the agriculture inside the region. The fourth and the fifth factors show aspect referring to the type of rurality and the presence of diversification dynamics. .Negative values of the fourth component (9,5% of the total variance) identify those regions where the urban areas are more relevant; while, if the component value is positive, region is mainly rural. The degree of diversification can be read on the fifth component (8% of the total variance).

The factor scores, that is the coordinates of the observations (the investigated regions) with respect to each of the 5 principal component axes, were used to group firms into clusters.

Based on agglomeration schedule 6 final groups were considered. Table 4 reports cluster centres that allow to draw the main features of each cluster and to better understand the relationship among the differentiation factors analysed in PCA.

Table 5 - Cluster centres

Cluster	N.case	Regions	Component				
			1	2	3	4	5
			Economic welfare	Relevance of soil management	Intensity of agricultural process	Rurality	Diversification process
1	4	Friuli Venezia Giulia, Liguria, Piemonte e Valle d'Aosta	0,40	-0,50	-0,41	-0,66	-1,14
2	4	Campania, Lazio, Lombardy, Tuscany	-0,06	0,57	0,50	-1,37	0,50
3	2	Trentino Alto Adige	1,86	-1,23	-0,43	0,45	1,48
4	2	Veneto, Emilia Romagna	0,81	0,18	1,60	1,24	-1,09
5	2	Umbria, Marche	0,26	2,17	-0,94	0,65	-0,38
6	7	Calabria, Basilicata, Abruzzo, Puglia, Sardinia, Sicily	-1,04	-0,36	-0,12	0,49	0,37

The first group (FVG, Liguria, Piemonte and Valle d'Aosta) represent a regional model where high socio-economic welfare is linked to a high degree of urban population and a more specialised agricultural model. The second group is the model of "complex" region, where the presence of relevant and sprawled urban centres is linked to intensive agriculture. Those are the region of major urban/rural contrast. The third group is the homogeneous regional cluster of Trentino Alto Adige with a very high indicator of socio-economic welfare. Veneto and Emilia Romagna are the "rich rural and agricultural" model while Umbria and March (group 5) could be considered as the "hilly" model of agriculture with a high risk of soil erosion and natural resource depletions. At the end we have the group of Mezzogiorno regions (Campania excluded) where the less development conditions are prevalent (the lowest indicator of socio-economic welfare). Even the cluster analysis confirmed that the dichotomy less/more developed regions (convergence/competitiveness) seams to be the really key dominant factor of clustering of the 21 Italian regions.

Using results of the clusters we have the opportunity to look at the different regional strategies not only in terms of differentiation between "Convergence/Competitiveness" but also between specific agricultural/rural regional types.

Results from the menu approach analysis

In this section we focus on the selection of the measures from the second pillar menu. In Italy 21 RRDPs have been implemented, one for each of the 19 regions plus 2 RDPs for the

autonomous provinces of Bolzano and Trento[2]. As can be seen in table 1, these RRDPs are characterized by a large number of the measures. In all, 72% of them are implemented with 28 or more measures[3]. Campania, Lazio and Veneto selected the highest numbers (36 and 35 for the latter); Valle d'Aosta and the autonomous province of Trento selected the lowest numbers (14 and 19 respectively).

Among the different axes, the measures of the first are more selected whilst those of the second are less. About 67% of the regions selected 11 or more measures belonging to the competitiveness axis: Campania and Veneto selected the highest number (14); Valle d'Aosta and Trento the lowest numbers (5-6). From the measures of the environmental axis, regions selected 8 measures on average: Lazio, Umbria, Campania and Marche selected the highest numbers (10-11); Valle d'Aosta and the provinces of Bolzano and Trento the lowest (3-4). On average, convergence regions use a larger number of measures for all the axes. We have already underlined the risk that the menu consisting of numerous measures has for the fragmentation of resources. We now have some elements to be able to state that, in Italy, this risk is greater in the convergence regions. Nevertheless, to make a more complete appraisal we must focus on the distribution of expenditure among the various axes and various measures (table 2). Then, if we consider the share of resources among the axes and between convergence and competitiveness regions, it emerges that no great differences exist between the two groups. Indeed, almost the same share of resources is allocated, on average, among the various axes: 37% to axis 1; 44% to axis 2; 9% to axis 3 and 8% to axis 4 . This means that, considering measures according to the core objectives of European rural development policy, no specific development patterns appear among regions, not even between convergence and competitive regions. However, we *can* say that Italian regions, on average, allocate most of the EAFRD budget to the competitiveness axis and environmental axis together, over and above the minimum limits fixed with the principle of equilibrium. Therefore, it seems there is a strong orientation towards a competitive-environmental services agricultural development model and a week orientation towards farm activity diversification and rural development models.

The situation becomes clearer if we look within the two groups of regions, considering at the same time single or specified groups of measures: these define specific development patterns. It is far from easy to choose limits of the budget share to define the different kinds of models.

Taking into account, at the same time, the financial equilibrium balance principle and the distribution of resources among the various axes it may be stated that a region has chosen:

[2] Of the 19 regions, four (Calabria, Campania, Puglia and Sicily) are part of the convergence objective of the EU, one is a phasing-out region (Basilicata), another is a phasing-in region (Sardinia) while all the others are part of the competitiveness and employment objective.
[3] On average 28 measures

- strong orientation towards the competitiveness agricultural model if the share of the resources for axis 1 is equal to or more than 40% and the share for measures 121+123 is equal to or more than 20%;

- strong orientation towards the environmental services agricultural model if the share of the resources for axis 2 is equal to or more than 43% and the share for measures 214+215 is equal to or more than 24%;

- a strong orientation towards the farm activity diversification agricultural model if the share of the resources for measure 311 is equal to or more than 25%;

- a strong orientation towards the rural development model if the share of the resources for axes 3 + 4 minus the share for measure 311 is equal to or more than 30%.[4]

In the other situations the development model is a mixed one.

Table 6 - Distribution of FEARD budget shares among axes and measures in the 2007-13 RRDPs

Region	% on total budget	Axis 1	121+123	Axis 2	214+215	Axis 3	Meas.311	Axis 4	Axis 3+4	Axis 3+ 4 - 311
Valle d'Aosta	0.6	9.6	2.1	**69.4**	**31.8**	10.3	2.6	7.5	**17.8**	**15.2**
Piemonte	4.8	38.2	16.5	**44.5**	**32.5**	7.4	1.7	6.5	13.9	12.2
Lombardy	4.8	31.5	21.5	**51.6**	**25.3**	9.0	6.0	5.0	14.0	8.1
Bolzano	1.7	23.9	13.0	**62.0**	**41.1**	9.0	2.2	5.0	14.0	11.9
Trento	1.2	30.3	17.3	**52.9**	**24.9**	10.3	1.5	6.0	16.2	**14.8**
Veneto	4.9	**44.1**	**23.2**	36.9	20.7	5.0	2.4	11.0	16.0	13.9
Friuli Venezia Giulia	1.3	**43.0**	**30.5**	37.0	11.3	10.0	4.8	6.5	16.5	11.7
Liguria	1.3	**47.4**	**32.9**	23.2	14.2	6.3	3.3	20.0	**26.3**	**23.0**
Emilia Romagna	5.0	**41.0**	**26.2**	42.5	29.6	10.4	3.6	5.1	15.5	11.9
Tuscany	4.5	38.5	18.4	40.2	24.4	**10.5**	**10.5**	10.0	**20.5**	10.0
Umbria	4.1	35.2	18.6	**43.0**	**28.5**	9.0	3.8	5.0	14.0	10.2
Marche	2.5	42.2	27.6	38.8	19.9	9.0	6.7	6.0	15.0	8.3
Lazio	3.5	**47.0**	**22.8**	32.0	24.3	11.3	4.7	6.0	17.3	12.6
Abruzzo	2.0	43.0	20.2	37.0	15.9	11.0	3.9	5.0	16.0	12.2
Molise	1.0	**44.1**	**23.6**	33.8	12.1	14.1	5.0	5.0	19.1	14.1
Sardinia	6.7	28.0	13.6	**56.0**	**12.9**	1.4	0.8	13.6	15.0	**14.2**
Basilicata	4.5	26.5	11.9	**54.0**	19.9	10.0	5.6	6.0	16.0	10.4
Campania	13.1	40.0	18.3	36.0	32.4	15.0	1.8	5.0	**20.0**	**18.2**
Puglia	10.3	**40.4**	**27.0**	35.1	27.7	2.7	1.5	18.8	**21.5**	**20.1**
Calabria	7.6	**41.0**	**21.7**	**41.0**	**30.8**	10.0	5.5	6.0	**16.0**	10.5
Sicily	14.7	32.3	20.1	**52.7**	**32.6**	7.0	2.9	6.0	13.0	10.1
Convergence (total)	**50.2**	36.8	19.8	43.1	28.7	8.9	2.9	8.4	**17.3**	**14.5**
Competitiveness (total)	**49.8**	37.3	20.5	44.0	23.1	8.1	4.0	7.9	**16.0**	**11.4**
RDP (total)	**100**	37.0	20.3	43.5	24.4	8.5	3.5	8.2	**16.7**	**13.2**

Source: Italian RRDPs 2007-2013 and our elaborations

[4] These shares were chosen since the mean values of the distribution of the relative shares budget for axes 1 and 2 are over and above the limits fixed by the financial equilibrium balance principle. For us this denotes a strong orientation towards the corresponding objectives. We thus deemed that the same should hold for the other two models.

Following these criteria, eight regions present a strong orientation towards the competitiveness model: Veneto, Friuli-Venezia-Giulia, Liguria, Emilia Romagna, Lazio and Molise among competitiveness regions; Puglia and Calabria among convergence regions. Seven regions present a strong orientation towards the environmental services agricultural model: Valle d'Aosta, Piemonte, Lombardy, Bolzano and Trento among competitiveness regions; Sicily among convergence regions. There are no regions strongly oriented towards the two other models. Nevertheless, there are regions that follow the mixed development model with a significant orientation towards rural development. Campania, for example, has implemented an RDP which is markedly competitiveness-oriented but a certain importance has also been attached to rural development. Of the remaining regions, Tuscany is significantly oriented towards a development model based both on environmental services and on farm activity diversification and on rural development measures.

Table 7- Analysis of the Italian RDPs coherence

Cluster	Regions	Type of agricultural/rural regional model	Emerging RD strategy	Stated priorities	Degree of coherence
1	Friuli Venezia Giulia	Developed with declining rural (mountain) areas	competitiveness model	mixed	intermediate
	Liguria		competitiveness model	enhance competitiveness	high
	Piemonte		environmental services model	mixed	intermediate
	Valle d'Aosta		environmental services model	integration and environment preservation	high
2	Campania	Complex regions with urban/rural contrast	mixed	competitiveness, environmental improvements	high
	Lazio		competitiveness model	mixed	intermediate
	Lombardy		environmental services model	mixed	intermediate
	Tuscany		mixed	mixed	high
3	Trento	Rural developed with integrated agriculture	environmental services model	integration and environment preservation	high
	Bolzano		environmental services model	integration and environment preservation	high
4	Veneto	Agribusiness developed with specialised agriculture	competitiveness model	enhance competitiveness	high
	Emilia Romagna		competitiveness model	network and chain development	high
5	Umbria	Green-service agriculture	mixed	mixed	high
	Marche		mixed	mixed	high
6	Calabria	Less developed with rural marginality	competitiveness model	mixed	low
	Basilicata		mixed	structural adjustment, competitiveness, rural depopulation contrast	high
	Puglia		competitiveness model	competitiveness	high
	Sardinia		mixed	mixed	high
	Sicily		environmental services model	enhance competitiveness	low
	Molise		competitiveness model	mixed	low
	Abruzzo		mixed	enhance competitiveness	intermediate

Starting from this results we used the socio-economic classification to analyse the coherence of each regional RD strategy. The judgement was based on the principle that the type of regional model indicates the main problems/opportunities to be implemented. If the emerging strategy as a jointly result of the menu approach analysis met the regional model type and the stated priorities then the coherence of the RDP was considered high. On the other hand we considered not completely coherent or incoherent all the strategies not matching the regional context conditions and/or a substantial difference between emerging strategies and stated priorities. The obtained results are showed in table above.

Concluding remarks

Rural development policy, second pillar of CAP, has become more and more important over the time. They are integral part of the UE cohesion policy, particularly important for those EU regions in which rural areas and disadvantaged areas suffering of development problems, constitutes a great share of the territory. In these regions, more than in the others, the RDPs, should been aimed to the development of the whole territory and not of the specific sector, with the involvement of actors that operate in the handcraft, commerce, tourism and agricultural sectors and that should agree strategies, to share resources and costs to achieve common objectives (Lanzalaco et al., 2008). Rural development policies, then, in this areas, should have a strong territorial approach and, with respect to the agricultural sector, should aim to the diversification of farm activities with a large attention towards the improvement of the quality of the goods and services. (Panico et al, 2007). Agricultural development, alone, cannot solve the problems of growth and competitiveness of this areas where the scarcity of gainful productive activities generates depopulation whose consequences are hard for the same agricultural sector. Moreover, in these regions it doesn't seem that there has been the hoped integration and coordination among various EC funds for an integrated development of the rural areas. Instead, in all RRDPs it is clearly specified the demarcation among interventions financed by different funds (Panico, 2008; Sotte et al., 2008). The analysis of the 21 Italian RRDPs has highlighted that there aren't regions with rural development patterns strongly based on those measures of the EC Reg. 1698/2005 aimed to a local territorial development. Generally there has been a tendency to implement RRDPs with a great number of measures, then few selective, and with a high budget shares dedicated to the measures of axis 1 and 2. If this may be justified for the competitiveness regions where agricultural and rural development have already reached a high level, it doesn't seem a good strategy for the convergence regions. In the North and Centre Italy to improve specific aspects of agricultural development (food quality, modernization of agricultural holdings, cooperation for developing of new products etc.) it could be an efficient choice to focus on these measures.

Instead, to improve rural development is a more difficult task.

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