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An integrated approach for the promotion of touristic clusters: the case of Puglia (Italy)

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ACRONIMOUS

AFC	Apulian Film Commission
B2B	Business-to-business
ISTAT	Italian Institute of Statistics
LAG	Local Action Group
MTVP	Movimento del Turismo del Vino Puglia
PDO	Protected Designation of Origin
PGI	Protected Geographical Indication
PTS	Productive tourism system
TTS	Territorial tourism system

FOREWORD

LEARNING FROM A CASE STUDY

The aim of this short note is that of describing the main ‘ingredients’ of a success story – that of Puglia, a southern Italian region - in the development of the tourism sector and of related sectors such as food and wine. Like all case studies, one should be aware that not all actions and dynamics are easily replicable in other localities and areas; the history of successes (and of failure) is often context specific and depends on complex elements, which are often out of the control of policymakers and other economic agents. Nevertheless, general lessons can be drawn also from specific cases. Puglia represents an interesting case of a region at intermediate level of development which has succeeded in building itself as a major (and growingly important) touristic destination – for domestic and international visitors – in a relatively short period of time. The experience of Puglia is particularly interesting in many respects for regions in the Balkans. The starting point of the tourism industry and its related sector in Puglia not many years ago has much in common with the current state of development in countries like Macedonia. The touristic assets potentially valuable for these areas are similar to those on which Puglia has levered its recent development: a mild climate, local culture and history, typical food and wine. The distances of these regions from main European markets are also similar to those of Puglia.

The ambition of the report is that of describing the process - and some specific policy-related elements - that led to the positive performance of tourism in Puglia and not that of providing an accurate and complete analysis of policies and actors involved. Some of the measures implemented by public and private agents in Puglia can be replicated - in the short to medium term - in other areas subject to context-specific adjustments that would make them appropriate and more effective. Others actions would probably require a different institutional setting compared to the current one.

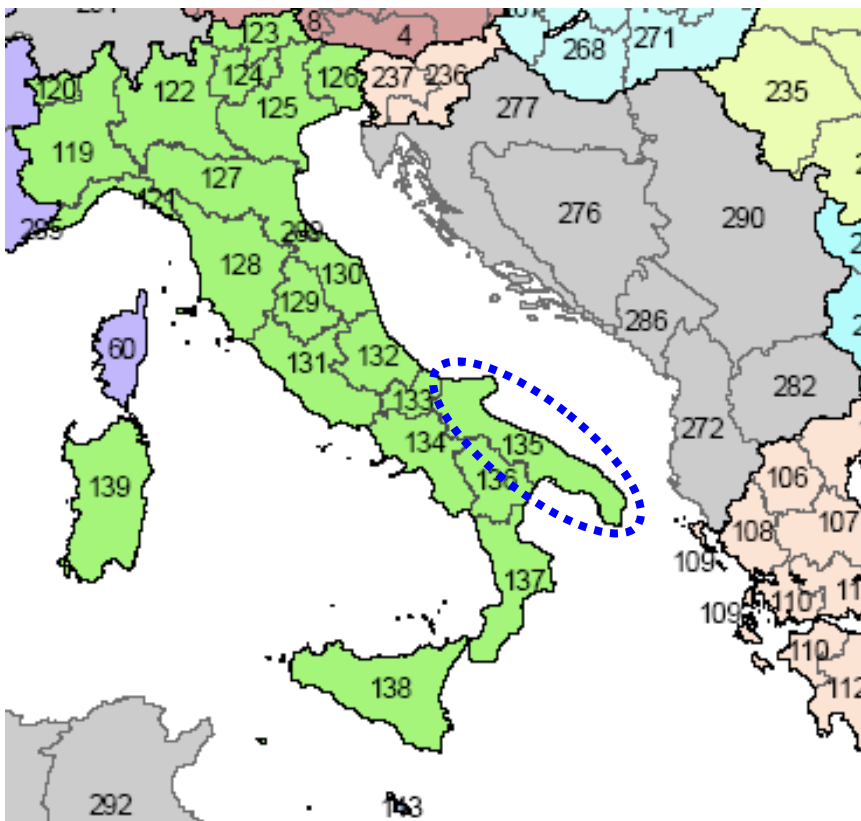
The report is organized in the following way. In Chapter 1, we briefly describe the economic context of the region and the rise of the tourism sector. In particular, we shed some light on the main ingredients of this success story. In Chapter 2, we describe the

main components of the policy strategy undertaken by the regional authority (Regione Puglia), which is the main actor in charge of the development tourism and interrelated economic sectors. We show how different ‘policy pillars’ reinforced and complemented each-other and, how they were instrumental in building a fundamental element of a winning touristic development strategy: the building of a collective regional brand. Chapter 3 is devoted to a more detailed analysis on a set of specific policy measures implemented by both the regional authority and public or private actors operating at a lower territorial levels. Chapter 4 concludes with some general considerations on the lessons that can be learned from this case study.

THE RISE OF THE TOURISM SECTOR IN PUGLIA: A SUCCESS STORY

1.1. *The Apulian socio-economic framework*

Puglia is situated in south-east Italy and has a surface area of 19,345 km². The landscape is partly flat and partly hilly and the coastline is the longest of any Italian region. Puglia has little more than 4 million inhabitants which represents the 7% of the country's total population. Bari, the most populous city, is the capital of the region.



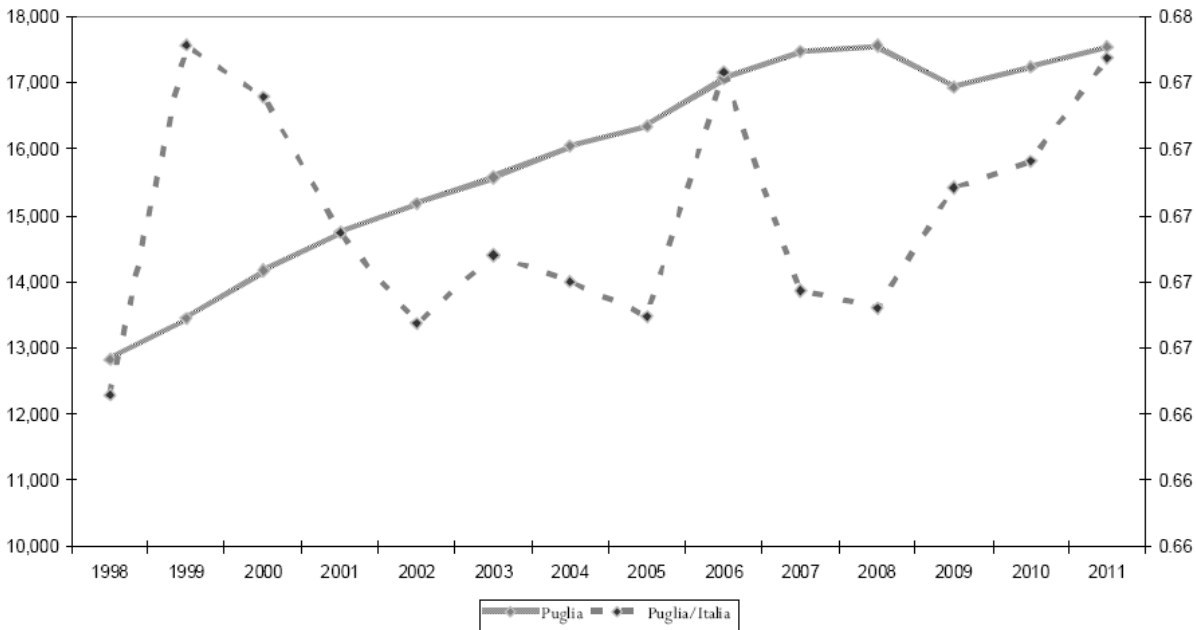
Within the European context, Puglia is a region at an intermediate level of development. The regional GDP represent approximately 4.5% of the national one and 19.4% of the southern Italian GDP. In 2012, GDP per capita is € 17,208 corresponding to approximately 67% of national GDP *per capita* (less than 75% of the EU average).¹

¹ Puglia is eligible for funding under the Convergence objective of the European Cohesion policy.

In the last decades, the regional economy has experienced a slow process of convergence toward the richest Italian regions. More recently – in particular, as a consequence of the current economic crises - convergence to national level has stopped or being weak, especially because of sluggish productivity growth. In fact, over the period 2000-2011, the GDP growth rate was -0.5% while the national economy has been stagnant with a modest growth rate of 0,1% shrinking at a faster rate than the national average (-2.3%).

In analysing these data, it is important to consider that Puglia is one of the Italian region hit hard by the current economic crisis. After a recovery from the deep recession of 2008-2009 that started in the second half of 2009, the worsening of macroeconomic conditions in the final part of the 2011, has caused a renewed decline in regional growth rates.

Graph 1 - GDP *per capita* (absolute values at current prices) in Puglia and GDP *per capita* as a share of Italy



Source: author’s elaboration on ISTAT data

The unemployment rate is currently high in Puglia (15.7% in 2012), well above the national average (10.7%) and grew sharply during the economic crisis (+23%). Gender inequalities are very high with respect to the rest of Italy and Europe: female unemployment is 20.2% whilst in Italy it is 10.8% and in EU it is 9.3%.

Labour productivity varies widely being lowest in agriculture and highest in the services sector. Since 2005, significant increases in productivity have been noted especially in industry, which has thus generally improved its competitive position both at home and abroad.

Notwithstanding the difficulties which led to a modest performance of the economic system, both in terms of production and employment, Puglia is recognised as one of southern Italy's most dynamic regions, and in recent years there has been a transition from an economy based predominantly on the primary sector to an economy which includes (some) big industry, an important number of SMEs, and a lively tertiary sector which supports the local economy. As regard the production system, it should be stressed that it was modified over time thanks to the creation and development of local firms, on one side, and with the contribution of external investments, on the other. This implies that at regional level it was established a strongly diversified production system where one can find industrial districts or specialized clusters in high tech sectors (ex. aerospace, mechanical industry), but also in traditional sector such as agro-food industry or tourism.

In particular, Puglia pursued the objective of consolidating the process of local production systems' openness. In fact, since 2008, Puglia's exports have increased faster than those of the other underdeveloped regions of the European Union, including the other regions of Southern Italy, partly owing to the better positioning on international markets of some large industrial firms in the machinery and pharmaceuticals sectors and of firms in agriculture and agro-food sector (Puglia is export leader in olive oil, wheat, tomatoes).

From the political point of view, after being governed for long time by centre-right coalitions, year 2005 represented a turning point for the regional political framework, as the election was won by the left-parties coalition led by Nichi Vendola, leader of the SEL (Left, Freedom and Ecology), who was confirmed as President of the Region also in 2010's elections.

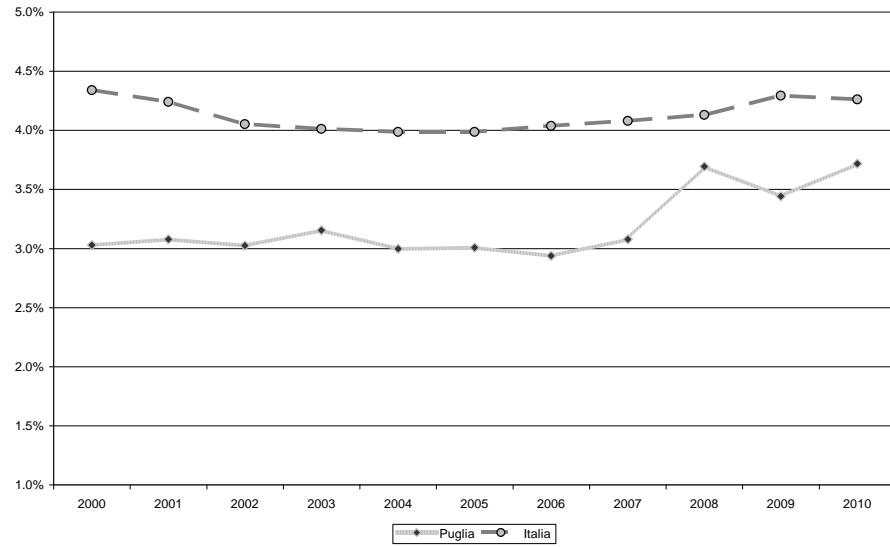
1.2. The development of the touristic sector and interlinked productive sectors in the last decade

Tourism is today one of the strategic sectors for the regional economy. In Puglia the value added from tourism in 2010 (the most recent available figure) is about 3.7% of the regional total, just a little below the national average (4.3%). Both the share of the value added and the employment of the touristic sector over the regional total have increased in the last decade, confirming the growing importance of the tourism sector in the regional economy.

Although the size of the tourism sector is below the Italian average, Puglia is a growingly important Italian tourist destination. In 2012, arrivals in the region were 3.2 millions and presences were 13.3 millions; this indicates that the region attracts approximately 3.5% of the tourists who choose Italy as their holiday destination.

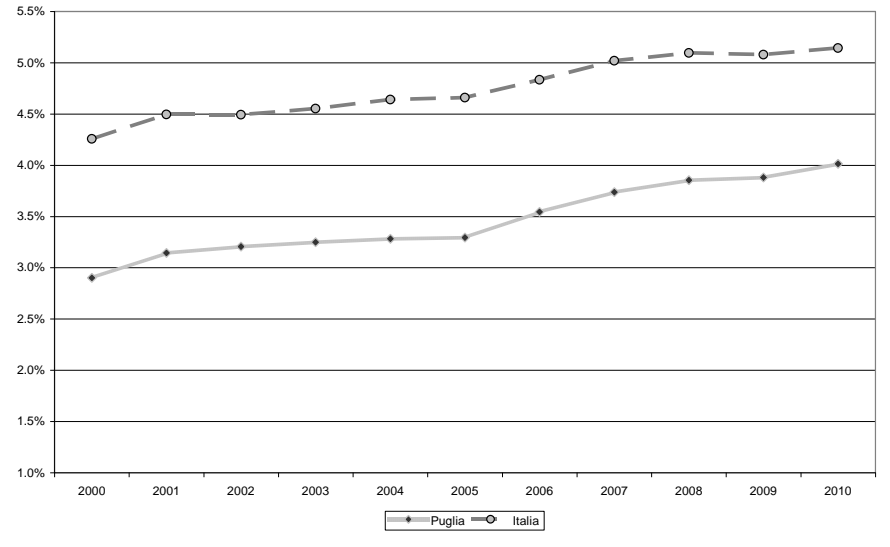
The consolidation of the regional tourism sector is a rather recent phenomena compared to most Italian regions: total presences in the region between 2000 and 2012 have experienced an average annual rise of 3.7% compared with 1.0% at the national level. In particular, in 2008 Apulia actually bucked the national trend (which showed tourists decreases due to the difficult economic climate and the relative appreciation of the euro vis-à-vis most international currencies).

Graph 2 – Share of value added in the Apulian touristic sector



Source: authors' elaboration on ISTAT data

Graph 3 – Employment share in the Apulian touristic sector

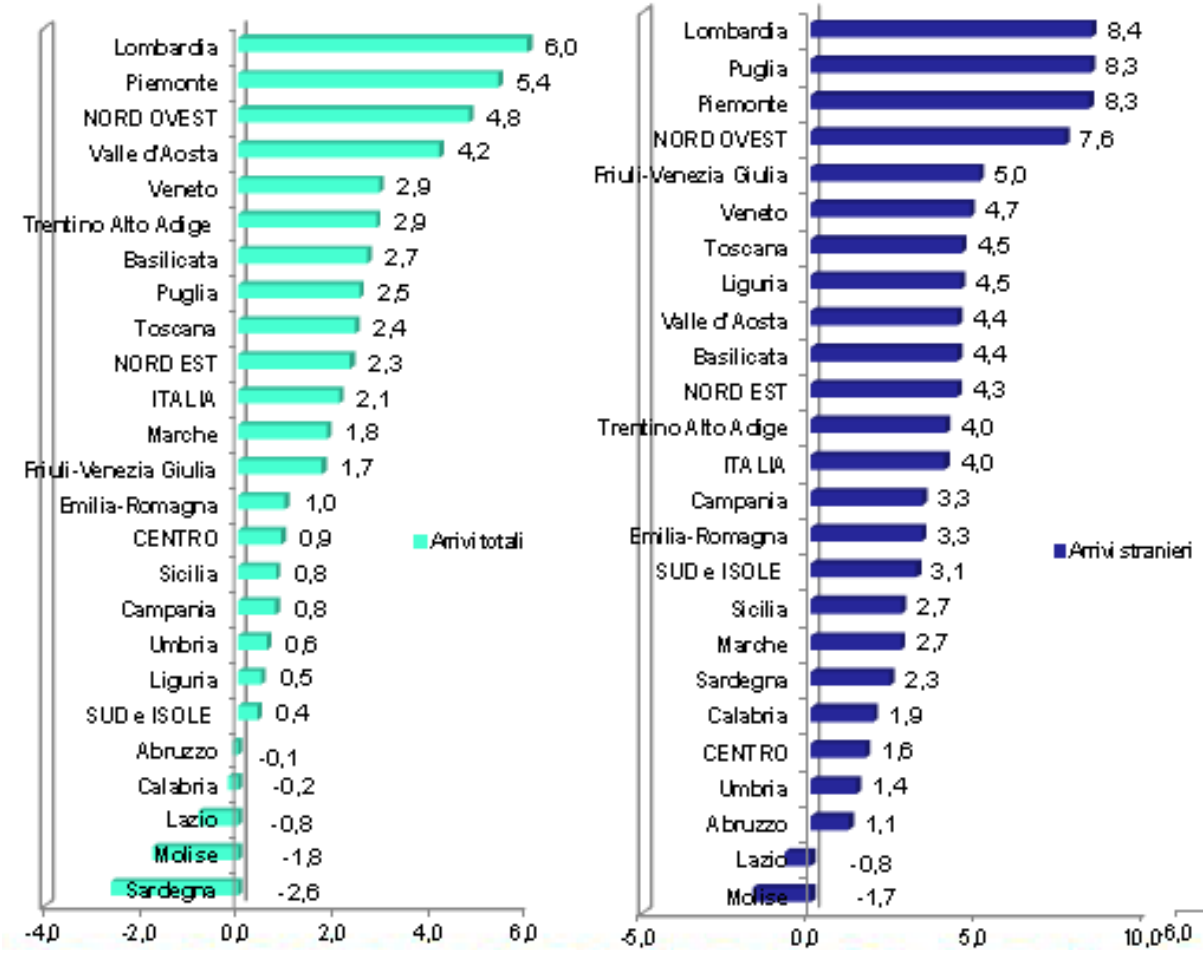


Source: authors' elaboration on ISTAT data

Graph 4 shows the average annual rate of growth of total and foreign arrivals in Puglia in comparison with other Italian regions in the period 2008-2012. Particularly significant is the growing attractiveness of the region to foreign tourists. The observed dynamics are encouraging even if there is still a gap between the potential for penetration of foreign markets and the numbers of foreign tourists actually registered.

The regional touristic attraction capacity index – measured as the number of presences of Italian and foreign tourists per inhabitant – was 1.8 in 1999 compared to a national average of 5.4. In 2012, the gap has been considerably reduced (3.3 for Puglia compared to 6.4 for Italy).

Graph 4 - Average annual rate of growth of total (left panel) and foreign (right panel) arrivals in Italian regions (2008-2012)



Source: author's elaboration on ISTAT data

With reference to the foreign markets, Germany is consistently the leading market for both arrivals and presences, followed by nearby countries, France and Switzerland. The United States' market is also growing and the Japanese market is stable. The first signs of significant visitor numbers from the Eastern European markets date back to 2007, especially Russia, the Czech Republic and Poland. The numbers are still relatively small, but show a new and interesting trend. The city of Bari is a main attractor for incoming tourists from orthodox countries – particularly Russian – due to the presence of the remains of St Nicholas; a strong potential in terms of the development of religious tourism.

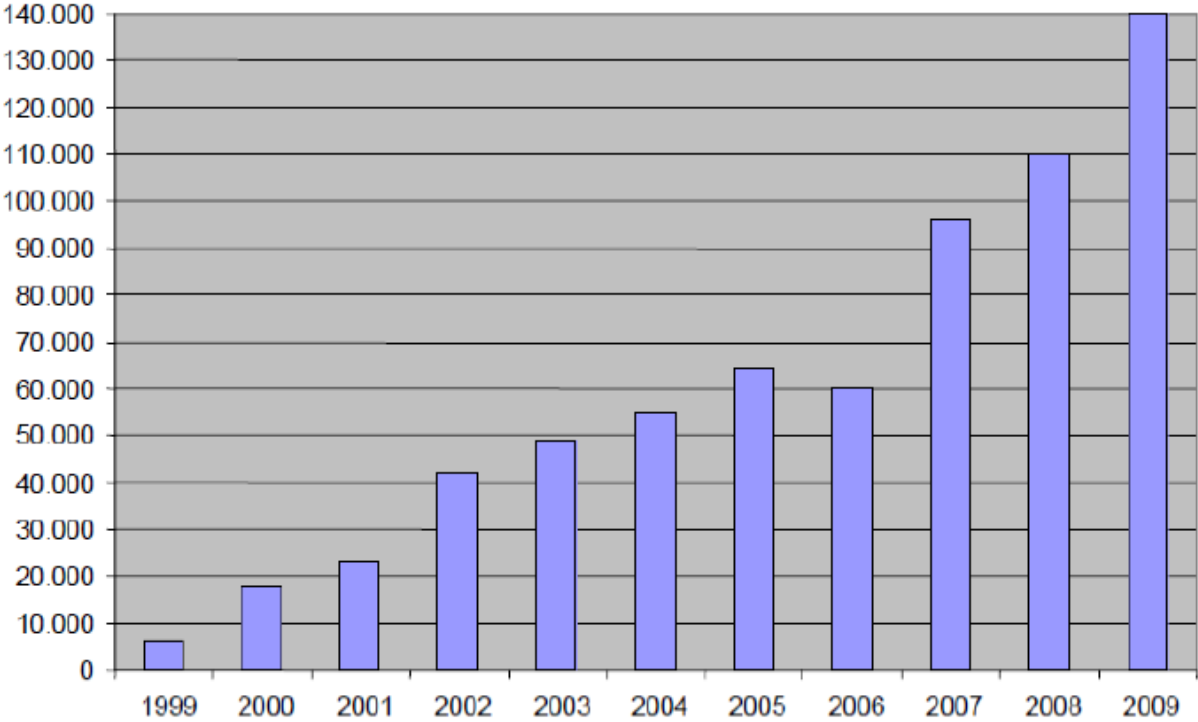
The attractiveness of the region is largely to be ascribed to its natural environment and mild climate and to the rich cultural and historical heritage. A non secondary factor of attraction is related to the strong linkages between the agro-industry and the tourism sector. Local gastronomic products and local wines are a fundamental element of the touristic experience in the region.

In fact, in the last few years a specific segment of tourism has developed: wine tourism. At the global level, wine tourism is steadily growing and represents a driver for the economic and social development of many rural areas.

Puglia has been historically an important wine production area but the quality upgrading of its production – from must used to enrich wine produced in other regions to quality wine with PDO and PGI labels - is a recent phenomenon confined to the last decades. The quality upgrading process was driven by a combination of internal and external forces. Among the former factors, a crucial role was played by private investments aimed at improving production techniques and management skills together with a strong orientation toward foreign markets. This process was facilitated by cooperative efforts and public-private partnership aimed at branding local grapes – such as Primitivo, Negroamaro and Nero di Troia varieties – and, at the same time, promoting the region as a “Mecca of enogastronomy”. The transformation of the regional wine industry was rooted also in favourable changes in national and international demand for typical products with a specific geographical origin and by improvements in international transport industry (which has considerably reduced over time the mobility costs for both for people and commodities).

The formation of a formal cluster of wine producers willing to invest in the development of wine tourism was instrumental in stimulating these positive developments. In fact, a fundamental role was played by the creation of an association (now developed into a consortium) “Movimento del Turismo del Vino Puglia” (henceforth, MTVP). The MTVP was able to engineer and stimulate collective efforts – by its private members but also in cooperation with public authorities – for promoting both the supply side and the demand side of this vital touristic niche (see Section 3.5 for more details on the origin and main activities carried out by MTVP). A decade ago wine tourism in Apulia did not exist; in 2013, the region was nominated among the top 10 best wine travel destinations in the ranking of Wine Enthusiast, one of the leading magazine in the wine industry.

Table 1 – Wine tourists in Puglia, 1999 - 2009



Source: Movimento Turistico del Vino Puglia

1.3. *The ingredients of a success story*

Puglia is recognised as one of southern Italy’s most dynamic regions; in recent years there has been a transition from an economy based predominantly on traditional sectors to an economy based on a diversified production systems where one can find

industrial districts or specialized clusters in high tech sectors along with a well developed agro-food industry (the region is a leader in the production of oil, wheat and tomatoes in Italy.) Tourism is one of Puglia's most significant economic sectors and its long-term development potential is important.

As we have said in the previous section, the remarkable growth of the touristic sector in Puglia is a relatively recent phenomenon. What explains this success story? First of all, Puglia has a wealth of natural, cultural, environmental, architectural and social resources. These resources are the obvious prerequisites for developing a high-quality touristic offer. Another prerequisite was transforming Puglia into a prestigious tourist destination recognised and accredited in the major markets; in recent years efforts have been made to elaborate a set of actions and activities based on communication, promotion, establishment and enhancement of the brand "Puglia".

The second factor was the mobilisation of local actors, a greater awareness - and participation - among local public and private decision-makers but also amongst the wider public of the importance of tourism development.

The third factor was a better segmentation of tourism targets according to specific tourist characteristics, their backgrounds and expectations. The case of wine tourism is the best example of this strategy.

Finally, the positive outcome is also the result of a clear recognition by the regional government of tourism as a priority and, at the same time, the development of the concept of integrated local development which implies developing a comprehensive definition of policy goals, and a clear vision of the outcomes expected from the interaction between them (see the next Section for more details on regional policy).

THE REGIONAL POLICY FRAMEWORK

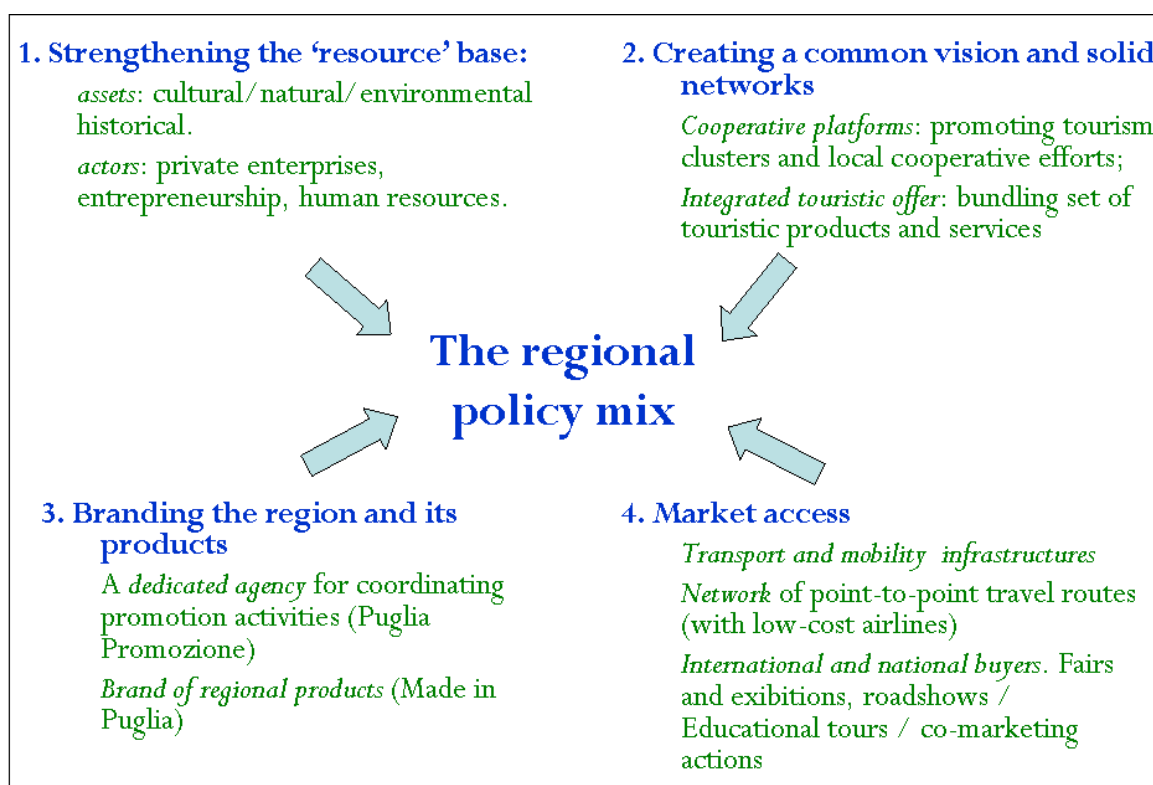
The development of the tourism sector in Puglia has been remarkable if one considers the limited time within which it happened. The tourism potential of the region is not new: the “seeds” – i.e. the touristic assets of the region - on which the positive development is based have been present for a long time. What factors have helped the seeds to grow into healthy plants? In other words, which factors have been contributing to the actual exploitation of the touristic potential of the region? In this Section we focus on the role of public policies that have facilitated the development of touristic clusters in the regional territory – in particular those carried out by the Regional Authority (Regione Puglia).

2.1. The regional policy mix: a 4 pillars' strategy

The Regional Administration plays an important role in defining and implementing local development strategies (for example, cluster policy) and it is the main actor of the regional tourism governance system. The specific and principal responsibility of the Regional government is to programme the development of tourism, promote in Italy and abroad the region as a touristic destination and stimulate the tourism supply system. Financial resources for these purposes are largely drawn from the EU and from national transfers.

The Figure below shows the main pillars of the policy mix implemented by the Regione Puglia in order to promote local economic development through tourism and related sectors.

Figure 1 - The policy mix implemented by the Regione Puglia



Pillar 1. Strengthening the 'resource base'

The success of a tourist destination is based on a complex set of relationships between the agents – public and private – involved in the offer of bundles of touristic and tourist-related products. In fact, tourism is an experiential consumption where consumers demand 'set' of good and services which are typically provided by a large number of different suppliers (accommodation, visits to attractions, mobility services, food and drinks, souvenirs and shopping opportunities etc.). The actions that are carried out by a single supplier generate (positive or negative) effects on other economic agents. In Puglia, a set of policy measures were initially aimed at strengthening the entrepreneurial base. In this regard, the intervention followed two main directions:

1. support investments in physical capacities and the quality of the capital stock (for example, financial incentives for acquiring and restructuring traditional rural houses; incentives for increasing and upgrading the capacity of private firms in the tourist sector and related industries);

2. training of the workforce and vocational education related to tourism and agro-food industries (for example, courses in hospitality management targeted to touristic operators).

Policy initiatives aimed at increasing youth empowerment through the support of creative and innovative projects were also highly beneficial for the expansion of the touristic resource base. In particular, the programme named “*Principi attivi*” – see the next Section for more details – financed several small scale initiatives carried out by teams of young people that enabled to enrich touristic-related good and services offered in the region. Examples of the initiatives financed through this support scheme includes the valorisation of cultural and historical sites/assets through the use of smart technological applications, wine and agri-food technologies, additional information platform for tourists, development of new cultural initiatives, touristic services dedicated to new market niches (for example, pet-friendly touristic structures), etc..

Pillar 2. Creating solid networks

Strategic activities for the promotion of local development require a high degree of coordination and cooperation. Networks and cooperation platforms – whether formal or informal – are fundamental in activating the necessary collective efforts for a sustainable development of touristic clusters.²

The regional agency for tourism development, Puglia Promozione, has a leading role in coordinating the collective efforts and in promoting cooperative platforms that are present at the sub regional level. It plays an important role in facilitating interactions between economic agents within the region and boosting linkages with important external players (for instance tour operators, specialized media). At the sub-regional level, an important role is played by Local Actions Groups (LAGs), public-private agency which promote tourism and rural development in specific touristic areas (see details in Section 3.1).

² Clusters cannot be created by public policy from scratch; nevertheless, policy makers can contribute to creating the conditions which encourage the formation and growth of clusters. Cluster policies have the objective of reinforcing regional specialisation by supporting linked industries in a geographical location and by emphasising stronger interactions among different public and private actors.

Pillar 3. Branding the region and its products

The case of Puglia highlights the importance of a collective and coherent effort in marketing and ‘branding’ the region as a whole. This effort is mainly carried out by a dedicated agency “Puglia Promozione”. The mission of the agency is that of implementing policies aimed at promoting the overall image of the region for touristic purposes. The agency activities can be classified into four macro-area of intervention:

1. *Marketing, strategic planning and stakeholders coordination.* The agency defines – in cooperation with other stakeholders - the overall strategic plan for tourist promotion and coordinates the activities of Local Tourism Systems³ and of the Tourism Districts.
2. *Tourism Observatory.* One of the tasks of the agency is the monitoring of touristic demand and supply in the region and the evaluation of the touristic promotion strategy.
3. *Promotion activities.* This activity consists in promoting the image of the region and the brand positioning in national and international markets. The tools employed are different: e-marketing, web portal management, paper publications, road-shows in major European cities, organization of a B2B specialized exhibition with international buyers, promotion activities in major international fairs, co-promotion activities, workshops and ‘educational tours’.
4. *Support activities of the private sector and of Local Tourism Systems.* The agency has implemented a set of measure aimed at boosting the quality of hospitality

³ The Italian law L. 135/2001 defines the local tourism systems in the following way: “homogenous or integrated tourism contexts, including areas with an integrated cultural, environmental or tourist attraction offer, including typical agricultural products or local crafts or with widespread individual or associated tourist businesses”. The Regione Puglia has promoted the establishment of two distinct types of local tourism systems: the territorial tourism systems (TTS), and the product tourism systems (PTS). The TTS bring together local bodies, institutions and public administrations, professional associations, chambers of commerce and operators in homogeneous areas of a significant size. The aim is to enhance the local resources for tourism, through improved infrastructures, promotion and hospitality. The PTS are associations of public and private subjects to strengthen the competitiveness of the regional network of tourism services, and to improve the quality of the personnel working in tourism.

management of private enterprises and also supports the activities of sub-regional public-private agency devoted to the development of touristic offer in specific areas.

A fundamental component of the branding of the Region is also related to the development of a 'made in Puglia' (or Prodotti di qualità Puglia) label for quality food and wine products (see Section 3.4). In fact, there is a strong synergy between the promotion of Puglia as a touristic destination and the promotion of its agricultural products. Tourist operators and the regional authorities are well aware of the crucial role played by Apulian quality products as 'ambassadors' of the Region in Italy and in the rest of the world. Vice versa, incoming tourist represents a fundamental channel through which the market for quality food and beverage products can be expanded.

An additional channel through which the region has successfully promoted its brand is the institution of the Apulian Film Commission (AFC) in 2007 with the aim of attracting audiovisual production companies to the area through the good value of its facilities, the professionalism of its skilled personnel and the lowering of costs for travel, cast, crew and location scouting in the region.

The graphic features a black background with white and yellow text. At the top left, it reads 'BUDGET SOLUTION' in large white letters. Below this, it lists '25% PUGLIA REBATE' and '+25% ITALIAN TAX CREDIT' in yellow and white. A horizontal line separates this from the next section: '50% SAVINGS FOR FOREIGN FILMS' in yellow and white. Below that, it says '+50% OF THE HOSPITALITY COSTS INCURRED IN PUGLIA' in white. At the bottom, it reads 'SHOOT IN PUGLIA AND RECEIVE UP TO € 400,000' in white and yellow. In the top right corner, there is a logo for the 'APULIA FILM COMMISSION' with a colorful graphic of three overlapping shapes.

AFC mainly operates through four funds: Apulia National and International Film Fund, Apulia Regional Film Fund, Apulia Hospitality Fund, Apulia Development Fund, for a total endowment of € 3.5 million Euros in 2014. The notoriety of the region

received a big boost thanks to the activities carried out by the AFC. So far more than 160 productions have been financed – 57 films including 20 international ones - and 14 shorts and documentaries were produced, which have been premiered and awarded at international festivals.

Pillar 4. Improving regional accessibility

The development of a dense network of air connections – in particular through partnerships and subsidies to low-cost carriers like Ryanair – has been a policy priority in the last decade. The public company in charge of the management of the regional airports - Aeroporti di Puglia (AdP) - has gradually developed an extensive network of point-to-point connections with national and international destinations. The strategies for the development of the networks are largely influenced by the European regulatory framework. While the early development of these connections was based on direct subsidies to airlines for the promotion of specific routes; more recently the strategy followed – like in many other European airports – has been that of signing co-marketing agreements with some low-cost carriers.

Market access was also promoted by making more easy and less costly for potential tourist the collection of relevant information on the touristic assets of the region. In particular, an official web portal was launched by the regional authority (www.viaggiareinpuglia.it) and serves the important function of conveying an extensive and easily accessible set of information for discovering the region and its different territories.

In what follows we present a set of initiatives implemented by regional policymakers or other regional stakeholders that have had a significant role in the positive development of the local economy and in particular of regional touristic sector.

FOCUS ON SPECIFIC POLICY MEASURES

3.1. *A public-private local cooperation platform: Local Action Groups*

The EU has promoted a number of initiatives supporting projects for rural development to revitalise and create new jobs in peripheral areas. Since 1991, the Leader Initiative aims to promote rural and area-based development by means of a bottom-up procedure.

As pointed out by the European Commission “the difference between LEADER and other more traditional rural policy measures is that it indicates ‘how’ to proceed rather than ‘what’ needs to be done”.⁴ Indeed, the distinctive feature of the Leader approach is the local public-private partnership.⁵ This principle is concretely realized in the formation of the Local Action Group (LAG) that is the local agency responsible for the identification and implementation of a local development strategy and of the allocation of financial resources (*Local Action Plan*). An LAG is formed by both public and private partners, and should be well-balanced and representative of the existing local interest groups. The interaction, coordination and cooperation among several partners fostered by the LAGs is supposed to produce a high beneficial impact relative to the resources committed.⁶

In the period from 2007-2013, 192 Local Action Groups were selected in Italy (Figures 2 and 3). The largest numbers of LAGs are found in Puglia as well as the largest total investment.

⁴ European Commission (2006) *The LEADER Approach. A basic guide*, Office for Official Publications of the European Communities, Luxembourg.

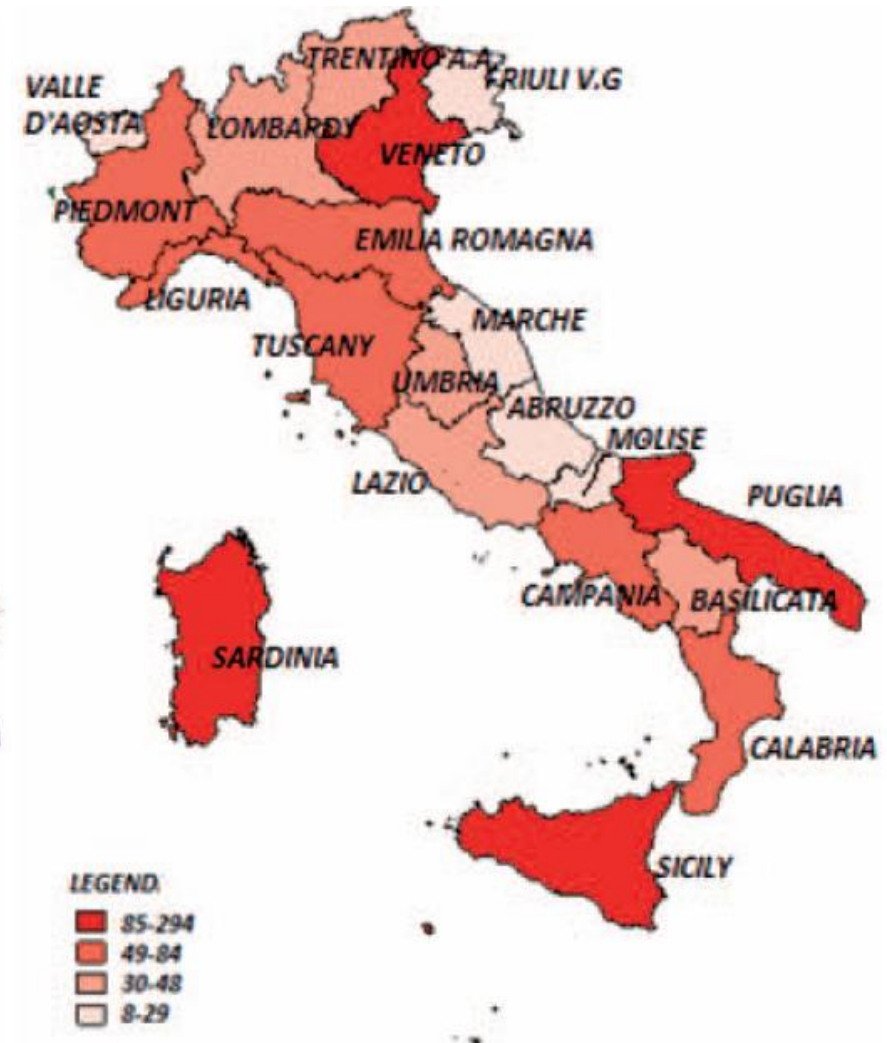
⁵ The other features are: area-based local development strategies, bottom-up elaboration and implementation of strategies, integrated and multisectoral actions, innovation, cooperation, networking.

⁶ Farrell G., Thirion S. (2005) Social capital and rural development: from win-lose to win-win with the LEADER initiative, in Schmied D. (ed.) *Winning and Losing: The Changing Geography of Europe's Rural Areas*, Ashgate, Aldershot.

Figure 2 - Number of LAGs 2007– 2013



Figure 3 - Funding of LAGs 2007– 2013



Source: Figures 2 and 3 in Lagravinese R. (2013) Rural tourism and ancient traditions: Evidence from Italian regions, *Local Economy* 28(6): 614–626.

The LAGs of Puglia have promoted a number of initiatives supporting projects for rural development to revitalise and create new jobs in peripheral areas. A large part of the funds have been directed to the renewal of rural areas with a goal of improving the quality of life, diversifying economic activities and integrating various sectors. The activities of Apulian LAGs are grouped in different measures:

- Diversification into non-agricultural activities (*Measure 311*): through this measure the LAG aims at promoting the diversification of agricultural activities in the agricultural sector, at encouraging the creation of employment opportunities and at increasing incomes of rural population;
- Support for the creation and development of micro-enterprises (*Measure 312*): this measure aims at promoting growth and creating jobs in non-agricultural micro-enterprises in rural areas, by supporting development and innovation, by ensuring greater dynamism and vitality necessary to promote the local entrepreneurs and by promoting support for social inclusion/integration of the young people, women and vulnerable population;
- Encouragement of tourism activities (*Measure 313*): the objective of this measure is to strengthen the image and identity of the rural LAG area at international, national and local level, by promoting integrated development of rural tourism, quality and typical local products and the rural heritage;
- Basic services for the economy and rural population (*Measure 321*): this measure aims at promoting and improving the living conditions and welfare of those living in rural areas with special attention to socially disadvantaged and vulnerable people;
- Conservation and upgrading of the rural heritage (*Measure 323*): the main objective of this measure is to increase the attractiveness of rural areas and to improve the quality of life in rural areas;
- Training and Information (*Measure 331*): this measure aims at improving the system of knowledge and professional skills, information in rural areas and entrepreneurial skills of local operators; this measure helps to reduce the number of young students dropping out of school and to promote the inclusion of the young people, women and people in a situation of exclusion in entering the world of work;
- Inter-territorial and transnational cooperation (*Measure 421*);

- Running costs, acquisition of skills and animation (Measure 431).

Table 2 - Local Action Groups in Puglia

LOCAL ACTION GROUPS	Total Funds (A+B)	Public Funds (EU,National, Local) (A)	Private Funds (B)	Main measures Axes III and IV
Alto Salento	20631435	12861676	7769759	311
Capo Santa Maria Leuca	18285635	11816717	6468918	311, 313, 431
Colline Joniche	15812175	9958301	5853874	311, 323
Conca Barese	18929635	11107346	18929635	311,313,323,431
Daunia Rurale	14455906	9186059	5269847	311, 313, 431
Daunofantino	15192775	9406275	5786500	311, 323, 431
Fior d'Olivì	19105769	11051813	8053956	311,323, 423
Gargano	25285770	15231048	10054723	311, 313, 431
Isola Salento	15804826	10904826	4900000	311,313,323
Le Città di Castel del Monte	19930136	12600136	7330000	311, 313, 431
Luoghi del Mito	21090296	12077774	9012522	311, 313, 431
Meridaunia	22024247	15109913	6914334	313
Murgia Più	25857542	17095835	8761707	313
Piana del Tavoliere	14306059	9406059	4900000	311
Ponte Lama	14666059	9406059	5260000	311
Serre Salentine	19224232	12081199	7143033	313
Sud Est Barese	18210135	10983240	7226895	311, 431
Terra d'Arneo	19970978	12316971	7654007	311,313
Terra dei Messapi	20971236	12273228	8698008	311,431
Terra dei Trulli e di Barsento	19538788	12500835	7037954	311,323,431
Terra d'Otranto	18549903	11217609	7332294	311
Terre del Primitivo	19935471	11556696	8378775	311,323,431
Terre di Murgia	19447620	11905328	7542293	311, 313, 431
Valle della Cupa	19146354	11516660	7629694	311,313
Valle d'Itria	17626784	11255404	6371380	311, 313
PUGLIA	473999766	294827007	190280108	

Even if we lack rigorous and systematic evaluation of the LEADER Initiative, we have identified several good practices.

The LAG “Gargano” has promoted the production and use of energy from biomass and other renewable energy. The beneficiaries of this measure have been farmers either individually or in group. Within this measure were funded projects for the construction of biogas plants and photovoltaic systems and small wind turbines.

The LAG “Capo Santa Maria di Leuca” has implemented measures to increase the agricultural activity of young people (under 40) and women living in the territory. The funds were allocated to the creation of two types of new agricultural activities: (i) educational farms, where there are courses for students with the aim of bringing students to the world of agriculture, and (ii) social farms, where agricultural productive activity is

carried out in an integrated manner with the offer of cultural, educational, welfare, training and employment for the benefit of vulnerable people, in cooperation with public institutions and with the vast world of the third sector. The LAG has implemented some “Thematic itineraries”, to promote rural tourism and rediscover the territory, becoming the cornerstone of responsible tourism, sustainable and inclusive for people with disabilities.

The LAG “Terre del Primitivo” has allocated funds to agricultural and to the project renovation of “Stone Walls” . The action is aimed at the preservation of dry stone walls to protect the environment. The funds are allocated to all farmers who want to restore the old enclosure walls of rural areas.

The LAG “Luoghi del Mito” has promoted rural tourism by favouring new structures of small-capacity accommodation (e.g. “Albergo diffuso”). The “Albergo diffuso” represents a new alternative to traditional tourist accommodations, such as hotels, B&Bs or farmhouses. It is part of a formula for accommodation capacity that is particularly suitable for small rural centres. The “Albergo diffuso” also represents a formula for sustainable economic development in many tourist destinations since it has a very limited impact on the environment. In addition, this formula does not require the construction of new structures but rather aims to restore and recuperate existing houses in accordance with local cultural and historical features.

The LAG “Concabarese” has used funds to restructure farms, villages and retrain anthropic elements and landscape of the rural heritage through the enhancement of archaeological, architectural, historical and artistic landscape of rural areas in order to increase the tourist attractiveness of such areas and to improve the quality of life of the population.

The LAG “Sud Est Barese” has financed the organization of the “Novel” Wine Feast. The Feast of the “Novel under the Castle” - Wine, Food & Music is an exciting cultural event, food and wine, ideal context for the conversations in the open air, where population meet experts and practitioners to learn more about wine and the issues relating to its production.

3.2. Supporting the development of new innovative ideas: “Principi attivi” initiative

“Principi Attivi” (“Active Principles”) is one of the measures under the “Bollenti Spiriti” (“High Spirits”) regional programme for youth policies⁷. Launched in 2008, “Principi Attivi” was conceived as a dissemination of small grants of up to € 25,000 based on the general principle of “one grant for one good idea” in the field of social enterprise and territorial empowerment. The eligible ideas fall into three areas: the protection and valorisation of the territory; developing the knowledge economy and innovation; and social inclusion and active citizenship. If selected, informal groups are committed to establishing a new legal entity (association, cooperative or company). In 2008 “Principi Attivi” had € 10.5 million to invest. Out of 1,563 projects submitted, 420 projects were funded. In 2010, € 4.8 million were allocated and 190 project were selected out of 2,231 projects submitted. Finally, in 2012, the funds available have been further reduced (€ 4.3 million) and only 173 projects have been financed.

“Principi Attivi”, although financing small actions with small grants, is a successful formula to activate collaborative energies all over the region, producing creative projects, ranging from sustainable mobility (biketaxi, green paths, carpooling) to participative planning and community empowerment (public space intervention, community gardens, open GIS), sustainable tourism (valorisation of old local railway networks, valorisation and protection of natural environments) and smart enterprise (creative recycling of

⁷ “Bollenti Spiriti” is a programme of the Puglia Region aimed at youth empowerment. It is explicitly conceived as an integrative initiative, pursuing the aim of networking different experiences in the territory, opening up space for social, cultural and educational initiatives, endorsing the entrepreneurial and creative potential of young generations. The programme comprises three main actions which run in parallel and are meant to build a system in which youth-based actions will create a critical mass of micro-cultural transformations. Principi Attivi is a programme aimed at young people (18-32) who are required to form a partnership (minimum two people) and propose an idea for territorial, social or entrepreneurial activities. The Laboratori Urbani action redevelops public properties using a multi-stakeholder and participative strategy: the regional administration invites municipalities to identify unused buildings in their area, and funds a twofold action for their recovery: first, the physical regeneration of the building, managed by the technical offices of the local administration; second, a public call for an organisation to manage the new facilities for training, education and cultural purposes. Libera il Bene is a newly started sister programme of Urban Laboratories aimed at the redevelopment of public properties confiscated from the mafia into social facilities, without targeting young operators.

materials, aeronautical industry, design, fashion). Many of the “Principi Attivi” projects demonstrated a clear capacity to engage with territorial transformation and urban development. This action, despite the smaller level of funding, has found an easier way to mobilise creative resources, pointing to more direct involvement of the project’s recipient associations.

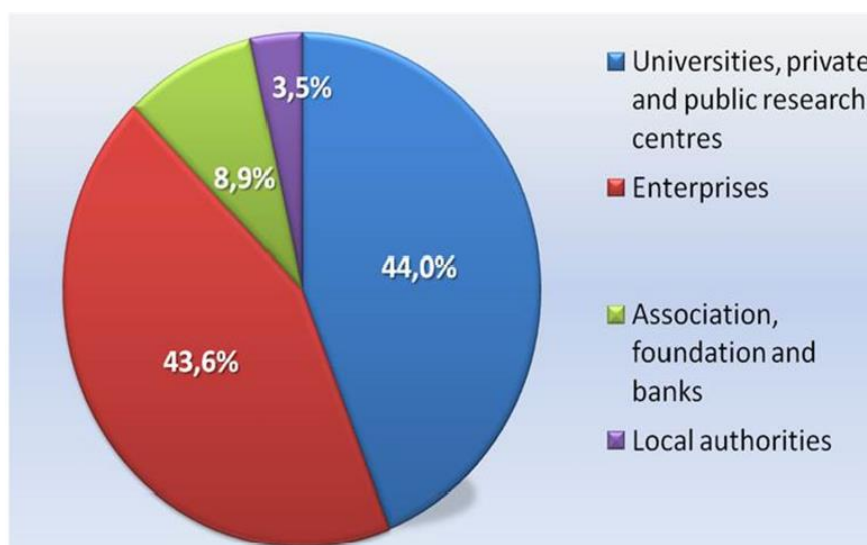
3.3. Cluster initiative: the food district

Technology districts (TDs) are among the public policy instruments implemented in Italy during the last decades with a view to fostering innovation. Grounded on the theory of the regional innovation systems and the triple helix model, the policy sought to enhance firms’ innovation capabilities and the competitiveness of local production systems by creating synergies among firms, universities, research centres and local authorities located within limited territorial boundaries. A feature of the policy is the role played by the Regional Administration that propose the creation of the districts and, together with other local authorities, coordinate the activities of the actors within them.⁸

D.A.Re. is one of the 40 Technological Districts in Italy. Promoted by the Italian Government and Apulia Region to bridge the gap between research centers and private companies in the food industry, it stimulates innovation by promoting interactions, sharing facilities, exchange of knowledge, technology transfer, networking. Shareholders of the District are private companies and research centers; with a leading role of the University of Foggia.

⁸ The Italian Technology Districts were substantially defined by the National Program of Research 2002-2004 (PNR) of the Ministry of Education, Universities and Research (MIUR), and later better qualified by the PNR 2005-2007, with the aim of fostering firms’ innovation capabilities and local competitiveness. They are defined as local aggregations of high-tech activities, made up by public research centers, firms and local governments, geographically concentrated. TDs are legally constituted by an act of MIUR after the proposition of the regional Government. Usually, the legal status of the company responsible for the management of the initiatives in the district is the consortium. Recently the name of technology district changed into “High Technology District”.

Graph 3 – The governance of the Apulian Food District (DARe)



For district firms the main benefits come from establishing collaborations with other firms, public research centres and universities. Moreover, they may benefit from the public funds, the use of common laboratories, equipments and services available in the district. Universities and public research centers support firms providing services related to the innovation activities, carrying out basic research and coordinating the largest projects; some of them are also involved in promoting spin-off. Finally, the public authorities belonging to the TD participate to the government bodies of the district, provide public funding and coordinate the activities within the districts.

3.4. Branding quality products: “Prodotti di Qualità Puglia”⁹

Among the motivations that lead tourists to visit Mediterranean destinations, food and wine are probably among the main ones. Culture and food are considered the main touristic assets for Italian destinations in general (OECD 2011) and quality food and wine are an emblematic synthesis of these cultural and gastronomic elements.

⁹ See <http://www.tipicipuglia.it/> (official web portal, which contains information of typical agrofood and beverage products of high quality; *in Italian*) and <http://www.agricolturaequalita.it/> (info and legal documents on the use of regional collective labels and EU typical agro-food products quality labels; *in Italian*).

The promotion of local wine and food specialities, besides the direct economic impacts on the agricultural sector, has strong beneficial effects on touristic activities. On the other hand, the development of Puglia as a tourist destination is a fundamental vehicle for the expansion of the market of domestic products. In this respect, the two industries – agro-food and tourism – are strongly complementary. There is a growing awareness – among private entrepreneurs and policymakers - of the importance of enriching the ‘touristic experience’ with the consumption of the best products offered by the local economy.

As part of a comprehensive strategy of branding the collective image of Puglia and promoting regional economic development, the regional authority has designed and adopted the label “Prodotti di qualità Puglia” (Quality Products Puglia), a collective label which guarantees the quality and the geographical origin of the product.¹⁰ The purpose of the label is that of *adding value to regional agro-food products* with a high level of quality. A strict disciplinary is followed in the process of granting the use of the label and the region ensures, through independent institutions, a continuous quality control. The label can be granted and used by agricultural firms (single entities or associations), agroindustrial firms and commercial enterprises which have signed a ‘supply-chain’ agreement (*accordo di filiera*) with those agricultural firms that are subject to the quality controls. Also agritourism firms and restaurants, which distribute products with the regional quality label can be granted the possibility to use the label in their promotion activities.

The use of the label is granted for 3 years and is tacitly renewed if all the use conditions are met by the applicant. Approximately 60 single firms, producers’ cooperatives and consortia have been granted the use of the collective label covering different regional quality products - wine, oil, pasta, fruit (mostly table grapes), bread, dairy products, vegetables – and involving several hundreds of productive units. The label seems also to work as an important tool in reinforcing and strengthening clusters of producers. An interesting recent example is the use of the label by a recently-established consortium of meat producers and retailers – *‘le carni pugliesi’*. The label has been instrumental in strengthening the links between producers and retailers and to enable a

¹⁰ The adoption of origin label is regulated by the EU regulation n. 207/09.

collective effort to promote 'locally produced meat' and develop a high-quality local value chain.

3.5. *Promoting wine tourism: Movimento Turismo del Vino Puglia (MTVP)*

With the growing trend toward 'experiential travels', the food and wine sector is becoming an important product development opportunity in the tourism industry. Just a decade ago, Apulia was not on the map of wine tourism. Today, it is considered among the 10 best world destination for this type of experiential holiday. Beyond this positive result, there is an interesting case of an effective 'cluster' initiative centred around the actions of an association of wine producers *Movimento Turismo del Vino Puglia (MTVP)*.¹¹ Under the impulses of a the actual director – Dr. Vittoria Cisonno – MTVP was established in 1998 as an association of wine producers affiliated to the Italian association (*Movimento del Turismo del Vino Italia*).¹² MTVP has been growing over time and developed into a consortium of 53 wineries spread in the entire regional territory. The consortium is an effective platform for cooperative effort toward the promotion of local wine-culture, wine tourism and marketing in national and international markets.

The initial activities undertaken by MTVP were related to training and human resource development since the 'hospitality' dimension of the wine business was at that time underdeveloped. The associate wineries had the opportunity to experience the advantages of wine tourism both as an additional source of income and, more importantly, as an effective marketing and promotion tool for the wine business. Hence, awareness building through specialized training and workshops – often financed within EU programmes – was the initial key priority.

Over time the 'toolkit' of MTVP has expanded and today the activities of the consortium include:

Events and workshop organization. The most important event which attracts a growing number of consumers in the wineries is "Open wineries" (*cantine aperte*) that is held the last

¹¹ <http://www.mtvpuglia.it/> - web site of Movimento Turismo del Vino Puglia

¹² The Italian association was established in 1992 after a big fraud related to the use of methanol in wine production by some dishonest firms. The idea of the association was that of allowing the consumers to 'enter' into wineries in order to raise awareness on 'quality wines'.

week of May. According to a recent evaluation study this event was instrumental in instilling the culture of consuming quality local wines in the region and, in turn, boosting the offer of local wines in the hospitality sectors (bars, restaurants).¹³ Other major events are organized during the most significant periods of wine productions (ex. grape harvest, new wine productions). Workshops are regularly organized both in the region and outside and are mainly targeted at key international buyers or opinion leaders in the international wine industry. A month-long roadshow involving the most prestigious wine shops in Milan and Rome is organized every year. During the roadshow, Apulian wines are showcased in the wine shops and interested people can do guided wine tasting and follow seminars with wine experts aimed at discovering local grapes and wine tourism opportunities. The organization of these events is often sponsored by or co-organized with the Regional Authority.

Specialized exhibitions and national and international fairs and other internationalization activities. The consortium is active in the participation at most national and international fairs and exhibitions (Borsa Italiana del Turismo – BIT in Milan; Vinitaly in Verona; ProWein in Dusseldorf; etc.). The participation as a consortium has the important advantage of reducing costs and allowing a more complete offer of quality local wines which is typically what large international buyers demand.

Wine and food guides. The consortium since its inception has devoted a significant attention to editorial projects aimed at informing consumers and specialized buyers (such as hotels and restaurants) through wine and food guides and wine tourism books. Activities were carried out also for boosting the offer of local wines in restaurants (local wine lists).

Training and best practice diffusion. Some training programmes have been organised on specific competences required for improving the quality of hospitality in the affiliated wineries. Following guidelines and codified national standards, MTVP offers a toolkit for improving the standards of hospitality services offered by members. This is an important activity which enables to raise the overall image of the regional wine tourism cluster.

¹³ Antonioli M. and Viganò G. (2013) L'enoturismo in Puglia: verso una scoperta culturale. Indagine condotta su un panel di aziende vitivinicole, Regione Puglia – MTVP (*in Italian*) (<http://www.agenziapugliapromozione.it/portal/documents/10180/24526/enoturismo%20in%20Puglia>).

Educational press tours. MTVP organises every year a number of events called ‘press tours’ with journalists, opinion leaders and writers which cooperate with the most prestigious national and international media. The participants have the possibility to experience and appreciate both the production and the hospitality dimension of the regional wine sector. The press tour are generally thematic and focus on a single grape variety and its respective production territory (Negroamaro grape and Salento area; Nero di Troia and its production area, Daunia and Castel del Monte; Primitivo grape and the so-called “Magna Grecia” area). These events represent a cost/effective tool for promoting in national and international media the wine variety and the region as a touristic destination. Millions of potential consumers/tourists have been reached thanks to the articles and the media coverages made by participants in the press tours organized by MTVP.

In the premises of the consortium, collective spaces for hosting foreign buyers have been developed and today MTVP is the key agent through which the interests of wine producers are represented and actively participates in shaping policymaking by regional and sub-regional governments.

3.6. Promoting the region abroad “Educational tours and fam trips”

For an emerging (or potential) tourist destination one of the main constraints is the ability to convey information of the available touristic packages to potential travellers. Direct marketing and promotion campaigns such as roadshows, TV and newspapers ads are effective but often very costly tools. Several promotion agencies, including the Apulian agency, target smaller but influential groups - for instance opinion leaders, journalists, tour operators, food experts, etc. - which are able to effectively convey promotion information to potential consumers.

The regional authority organizes and sponsors “Educational tours” that let restricted groups of opinion leaders and specialists to discover directly regional attractions and/or regional products and events. In addition the regional policymaker organises ‘*fam trips*’ (*familiarization trip*) that are specifically targeted to national and or international travel agents and tour operators used as a mean of promoting touristic destinations. The tours have a maximum duration of 7 days that can be extended to 15 days if they intend to cover 3 or more provinces within the region.

The measure is implemented in the following way.

In the first step, the Regional Authority invites candidature for co-marketing initiatives through a call for proposal directed to private enterprises and/or public organizations belonging to different segments of the tourism industry: hospitality, wine and food, events organization, transport, other entities which manage assets of touristic relevance (ex. natural parks, museums) or of provide touristic related services (ex. touristic guides, translation services). By means of this call for proposal the region is able to define a list of operators that will subsequently be involved in the organization of the tours.

In a second step, interested operators can propose educational tours initiatives defining objectives and providing a detailed plan of the initiatives with a precise definition of the incoming guests. In the candidature, operators define the hospitality services that they are willing to provide to the incoming guests for free (category A) or at a discount (category B). In addition, they define i) types of categories for which they offer such services (ex. tour operators, journalists), ii) periods of the year available; iii) number of participants. Proposals are submitted online through the website of Puglia Promozione.

In a third step, the regional agency for tourism – Puglia Promozione – defines, on the basis of the candidatures received, a programme of initiatives to finance that is coherent with the overall regional promotion strategy giving priority to category A proponents and ensuring a balanced coverage of different regional stakeholders. Priority is given to initiatives that are co-financed by proponents.

Special attention is paid to the monitoring and evaluation of the impacts and results achieved through each educational tour and fam trip financed (for instance by asking press reviews and tour operators' catalogues).

In 2013 approximately 100 educational tours and fam trips have been realized the box below reports a few examples of the sponsored initiatives.

Examples of press and educational tours financed in 2013 by Puglia Promozione

Proponent: **Municipality of Oria (public sector)**

Type of action financed: **Press tour**, Period: 27 February - 3 March 2013, Target: National and International Journalists; Localities involved: municipalities of Oria, Francavilla Fontana, Copertino, Tricase, Alessano, Santa Maria di Leuca

Proponent: **RAI 1 (main public television channel)**

Type of action financed: audiovisual production,
Period: 8 -10 March 2013, Target: TV troupe, Localities involved: municipality of Cerignola, Margherita

Proponent: **Ciclismo Classico (association)**

Type of action financed: Educational
Period: 14-17 March, Target: Tour operators from the USA, Localities involved: municipality of Ostuni, Fasano, Alberobello, Martina Franca and Lecce

Proponent: **Aeroporti di Puglia (public agency) and Ryanair (foreign private firm / low-cost carrier)**

Type of action financed: Educational
Period: 9-13 April, Target: 4/5 journalists of Siviglia (new connection of Ryanair)
Localities involved: municipality of Gargano area, Bari, Alberobello

Proponent: **WORLD TOURIST SAISTOUR/T.O. TEDESCO DERTOUR (foreign tour operators)**

Type of action financed: Educational
Period: 18-21 April, Target: n. 12 german travel agents
Localities involved: Castel del Monte, Ostuni

Proponent: **Aeroporti di Puglia (public agency)**

Type of action financed: Educational
Period: 24-27 April, Target: n. 20 travel agents and journalists from Austria,
Localities involved: Puglia

Proponent: **GINOS ITALIAN'S SUMMER for ITV British channel (foreign firm)**

Type of action financed: audiovisual production,
Period: 16-17 may and 13-16 june, Target: TV troupe,
Localities involved: municipality Altamura, Alberobello e Bari

Proponent: **CATHERINE SWEENEY (foreign journalist)**

Type of action financed: educational,
Period: 20-27 June 2013, Target: travel blogger, Localities involved: Puglia

CHAPTER 4

LESSONS LEARNED AND REPLICABLE ACTIONS

In this final Section of the Report we summarize the lessons we can draw from the analysis of the Puglia case study and we suggest a list of replicable actions suitable for Macedonia.

The first lesson concerns the importance to develop an integrated local development strategy. Tourism is concerned directly or indirectly with various policy domains and therefore it is fundamental a full integration of tourism in the overall development strategy and the incorporation of tourism goals in the other development strategies. We have seen the relationship between the improvement of the quality of the local food products (mainly, wine) and the growth of touristic flows in Puglia over the last decade; but also the importance of promoting creativity and innovation by investing in young people.

The second lesson concerns the mobilisation of all relevant local actors (private and public actors). In this respect adopting a cluster approach (like the approach adopted by UNIDO in a large number of developing, emerging and transition economies) could be the right choice in order to promote cooperation (and trust) between enterprises, support institutions and local government authorities. On the basis of field visits conducted by the authors in Macedonia that of building an effective cooperation platform for private companies and between them and the relevant public stakeholders is a fundamental requisite for a successful development strategy.

The third lesson is the importance of specific branding strategies. The competition in the touristic sector is extremely tough. In the European context, for example, some regions have established themselves for a long time as major tourist destinations: Tuscany, Côte d'Azur, Balearic Islands; while other regions have experienced a huge growth in tourism development since the 1980s: Costa Brava, Costa del Sol and several Greek islands. For an area with an important unexploited tourism potential like Macedonia, it is crucial to highlight their own specific assets and retain their natural and cultural assets unspoilt. At the same time, a clear understanding of the weaknesses that can limit the

range of incoming tourists and an honest evaluation of their potential negative impact are essential in developing an effective development strategy. In this respect in Puglia many efforts have been made to elaborate a set of actions and activities based on communication, promotion, establishment and enhancement of the brand “Puglia”.

These general policy lessons can be transformed into concrete and easily achievable actions as the Apulian experience has shown. In what follows we suggest a list of few actions that could be realized in the context of Macedonia and be a starting point for a more comprehensive development strategy:

1. supporting local public-private partnership. This action could be concretely realized by an entity formed by public and private actors, representative of the existing local interest groups; this entity could be similar to the structure of Local Action Groups (section 3.1);
2. financing innovative ideas of young people. This action could be designed in a similar way as “Principi Attivi” (section 3.2) and therefore conceived as a dissemination of small grants based on the general principle of “*one grant for one good idea*” in the field of local development. The scale of the initiative does not need to be large – in Puglia several millions euros were channelled into this action. In fact, a pilot which finances a small set of projects narrowly focused on tourism and related industries could be relatively easily and quickly implemented;
3. branding the collective image of the area adopting a collective label which guarantees the quality and the geographical origin of the agro-food products. In this respect, it is important to work on three dimensions: i) building the institutional side necessary for the effective management of collective labels (design, management, quality enforcement, monitoring); ii) reinforce and promote producers association and consortium which are the main beneficiaries of these labels; iii) promote the sourcing of touristic operators of local food and wine;
4. conveying information of the available touristic packages to potential travellers organizing and sponsoring “educational tours” (for restricted groups of opinion leaders and specialists) and/or ‘fam trips’ (targeted to international travel agents and tour operators). As argued in section 3.6 these are cost/effective measures for

promoting touristic assets via opinion leaders, traditional and new media and journalists.