

**IRPET** Istituto Regionale  
Programmazione  
Economica  
della Toscana

# The importance of cohesion policy:

## *The Tuscany case study*



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**Regione Toscana**



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*Enrico Rossi*, President of Tuscany Region 5

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## Introduction

Structural funds are a fundamental tool for the planning of socio-economic policy in the Tuscany Region. Indeed, they help determine planning strategies by making possible additional investments that have a strong impact at regional level.

We are talking about 1,5 billion euro over seven years. This amount is only 0,2 of Tuscany's GDP, but it is an extraordinary and indispensable driving force for every type of regional public investment, considering also the restrictions imposed by the stability pact and by a long period of economic crisis.

The use of structural funds translates into – just to provide a few examples – infrastructure modernisation, aid to enterprises, fighting against youth unemployment, protecting the environment and measures to mitigate climate change.

In the 2007-2013 seven-year period, regional policy all over Europe provided support to over 120.000 start-ups and provided aid to 400.000 small and medium enterprises. Furthermore, it encouraged almost 100.000 research projects and created over 40.000 permanent jobs.

In Tuscany as well, many projects would not have been possible without cohesion policy.

One example is GiovaniSì, a program devoted to young generations and a clear example of how synergies can be created between various funds: mainly financed by the ESF, this program also received funding from the ERDF and EAFRD and was able to raise in excess of 250 million euro, creating 2.500 jobs, 12.000 traineeships and over

150.000 professional orientation projects. Another example is the Florence tramway, with its almost 60 million passengers between 2010 and 2016, which has contributed to the sharp reduction of green house gas emissions and eased traffic congestion.

For these reasons we maintain that cohesion policy – which is an integral part of the Treaties – should be more closely integrated in EU’s strategic objectives and linked to its economic governance.

I have truly appreciated the work done by the European commission with its publication of the White Paper on the future of Europe and of other reflexion documents on occasion of celebrations for the 60th anniversary of the signing of the Rome Treaties. This debate, however, must not forget cohesion policy and Europe’s social dimension. It would be a mistake to deny them the strategic importance they deserve. European institutions would be relinquishing their current role and would be surrendering to easy and anachronistic selfishness reinforcing the position of those who use easy slogans such as :“we give Europe more than we get back”. Indeed, I am convinced that renewing and strengthening cohesion policy – that was born to fight against imbalances in a Europe which focuses too much on markets – is crucial to give new thrust to the European Union, the largest and most ambitious political, economic and social project in the history of democracy since World War II.

The results achieved through regional policy in our territories are there for every European to see. If we can explain clearly how important these results are, as we have endeavoured to do with this publication, it will become difficult to deny them and they will help us get Europe closer to its citizens once again.

*Enrico Rossi*

President of the Tuscany Region

## 1.

### Objectives of the 2007-13 cohesion policy

#### 1.1

##### Structural funds in the 2007-2013 regional programming period

In order to assess the effectiveness of structural funds, it is useful to analyse what happened during the previous programming period (2007-2013) and, in our case, the relevance it had in Tuscany.

In order to correctly interpret the data, in this analysis we will only consider the European Regional Development Fund (ERDF) and the European Social Fund (ESF) and will take two elements into account:

- The weight structural funds had compared to the regional economic dimension.
- The particular events that occurred in the historical phase during which the programs were implemented.

On the first point it is worth mentioning that, despite the relatively small amount allocated (just over 1,7 billion euro between ERDF and ESF, which compared to Tuscany's GDP amounts to only 0,23%), the availability of these funds proved extremely important since it gave a clear direction to regional programming strategies and opened up the possibility of using additional resources and reforming some rules. These measures also made it possible to establish new relationships at regional level with businesses and their representatives. In other words, regardless of the amounts involved, ***structural funds were a fundamental tool to orient economic and social policy in the region.***

Table 1.1  
2007-2013 FINANCIAL PLAN  
(Million euro)

	Financial Plan	EU share	Italy's share	Tuscany's share	Other public resources
ERDF	1.023,1	338,5	515,8	102,2	66,6
ESF	664,7	313,1	276,4	75,2	
EAFRD	876,1	391,4	377,1	107,7	
ITA-FRA OP	162,0	121,5	40,5	-	
EFF	12,4	6,2	5,0	1,2	
TOTAL	2738,3	1.170,7	1.214,8	286,3	66,6
GDP (sum of the 2007-2013 period)	744.093,4				
GDP share	0,37%				
GDP share (only ERDF and ESF)	0,23%				

On the second point it must be stressed that the programming period coincided with the most serious economic crisis in the country's history and it was therefore necessary – ex-ante – to change fund allocation during the implementation phase and – ex-post –, to show a certain degree of caution in assessing the effect of the use of the funds. Indeed, the beneficial effects of the funds were to be seen against the much larger adverse effects of the crisis.

## 1.2

### Tuscany's challenges for the 2007-2013 programming period

What were Tuscany's main concerns when it established its priorities for the 2007-2013 programming period?

At the time it was thought that Tuscany was a **region that, because of problems of structural nature, had a number of difficulties in addressing globalisation**. In particular, specialisation in traditional production (durable consumer goods in the



fashion sector and interior design) and, most importantly, the prevalence of small enterprises (most often micro), were considered as the main weaknesses that would make it difficult for the region to adapt to globalisation and would hinder investments in research and development activities with a risk of marginalisation for Tuscany's economy on international markets.

The de-industrialisation process – especially as of the second half of the nineties – had reached a level that could not be interpreted as simply a natural transformation into a modern service-based economy. Indeed, this process happened to the detriment of exports and much more widely than in other industrially developed regions of the country. In this particular context a new word was coined: “early de-industrialisation”. Money invested in research and development was in line with the national average but mainly because of public investment while private funds lagged way behind.

At the same time a number of problems were identified in the economic development model chosen by the region over the years, which put the social stability Tuscany had enjoyed for so long in jeopardy. More specifically, **youth unemployment** was already evident and put into question the whole model that determined training activities which would then lead to actual youth participation in the labour market.

***De-industrialisation, market share loss, low level of investment in research and development, mismatch between demand and supply on the labour market*** were identified as the main shortcomings that needed to be addressed by using structural funds.

### 1.3

#### **Objectives of structural funds in the 2007-13 programming period**

In the light of this analysis, cohesion funds were allocated to try and strengthen the region's competitiveness by supporting research and development efforts, fostering

internationalisation and – in general – by supporting investments in innovation. Furthermore, special attention was devoted to small and medium enterprises and in line with European guidelines, energy and environmental issues were also addressed. Special attention was devoted to how the labour market worked, to encourage participation in the labour market on part of those who were marginalised or hadn't accessed it before. In particular, actions were focussed on the most economically disadvantaged groups, on the updating of skills of those already on the market and, more generally, on better training of the human capital. To this aim a number of reforms of the education system were introduced, and support was provided to the creation of networks between universities, technology and research centres in order to connect them more effectively to the labour market.

By observing the specific objectives identified in the relevant axes of the two funds, it is easily possible to discern the objectives that were later identified by the Commission for the 2020 Strategy for smart, sustainable and inclusive growth.

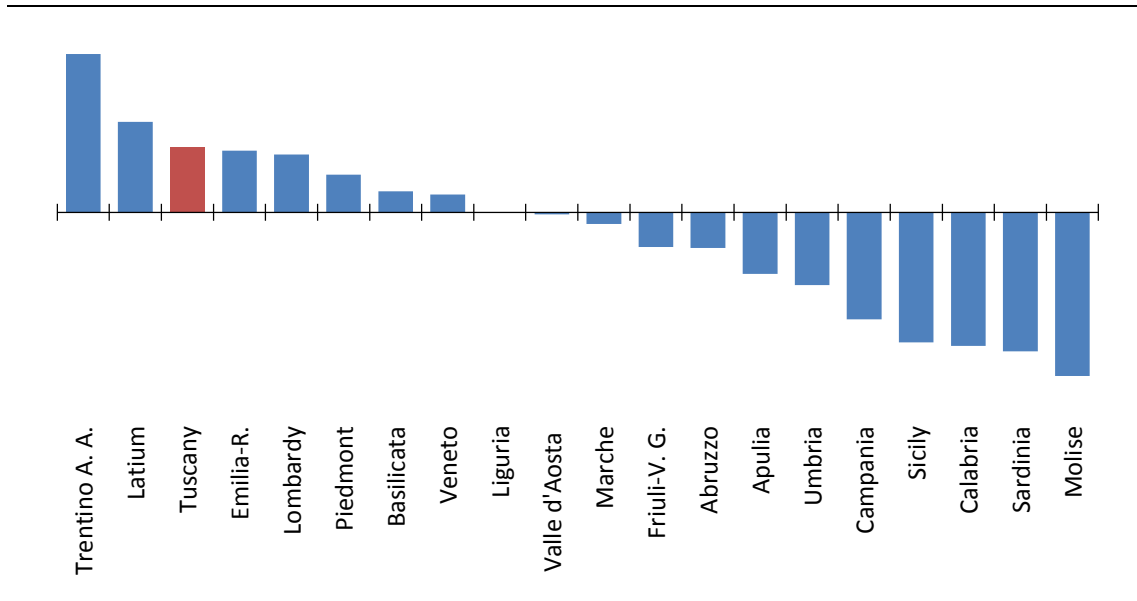
#### **1.4**

##### **Structural funds have contributed to better policy in Tuscany**

Before providing details on the use of each fund, general conclusions can be drawn on how actions taken in implementing the funds had an impact on the way the Tuscany Region worked. The impact goes beyond the mere dimension of the amounts allocated.

From this point of view, even though it is difficult to establish a clear relation of cause and effect in the use of the funds, it must be stressed that, ***even during very difficult years, Tuscany's production system showed signs of revival that prove the effectiveness of regional policy.***

Image 1.2  
 RANKING OF ITALIAN REGIONS IN THE 2007-2015 PERIOD  
 On the basis of main indicators



Indeed, in a general context of protracted recession for the Italian economy as a whole, Tuscany (despite a fall on many indicators) was not only performing better than the national average, but also better than most Italian regions<sup>1</sup>.

Given the limited resources made available by the ERDF and the ESF, it would be an exaggeration to give all the credit to structural funds, but they undoubtedly played a role in a context in which the Tuscany Region was making a number of efforts to address structural shortcomings in its economic system and specific ones presented by the crisis. It can be said, therefore, that structural funds gave an important contribution to the resolution of both problems.

<sup>1</sup> Only Trentino Alto Adige and Latium perform better than Tuscany; these two regions enjoy very specific situations since they can count on very high public expenditure due to the fact that the former enjoys special status and the latter is the site of the nation's capital).



## 2.

### Impact of the funds in Tuscany: ERDF

Tuscany's 2007-2013 ERDF ROP was allocated a total amount of 1.023 Meuro, of which approximately 338,5 Meuro of ERDF community share and 684,5 Meuro of national co-funding. At the end of its cycle, the program showed more than adequate final financial implementation, which made it possible to exceed the final expenditure objective in terms of appropriated resources. As per table 2.1, certified public expenditure at closure of the ROP (as per the final payment claim submitted to the EU and to the State by the certification body) amounts to approximately 1.275 Meuro (corresponding public contribution) i.e. 124,6% of ROP appropriated resources (1.023 Meuro). Certified expenditure exceeds ROP appropriated resources in the light of an *overbooking* connected to the use of additional public resources (in particular regional and local funds) for the implementation of eligible operations selected and carried out according to procedures, criteria and constraints defined within the framework of the ROP and relevant community and national laws.

Table 2.1  
SUMMARY DATA ON FINAL EXECUTION OF THE 2007-2013 ERDF ROP  
(Million euro)

AXIS	Eligible investments	Public expenses	Certified public expenses	Implementation rate	Actions started
	(a)	(b)	(c)	(c/b)	
1 - R&DTT, innovation and entrepreneurship	1.537	526,0	612,0	116,3%	6.530
2 –Environmental sustainability	140	98,0	139,0	141,8%	297
3 –Competitive and sustainable energy system	98	35,0	31,0	88,6%	155
4 – Accessibility of transport services and TLCs	290	169,0	219,0	129,6%	67
5 –Promotion of endogenous resources and sustainable territorial development	253	159,0	233,0	146,5%	301
6 –Technical assistance	41	36,0	41,0	113,9%	381
<b>TOTAL</b>	<b>2.359,0</b>	<b>1.023,0</b>	<b>1.275,0</b>	<b>124,6%</b>	<b>7.731</b>

## 2.1

### Employment and environmental objectives achieved

The region's main objective through the ERDF was to strengthen competitiveness in order to create new jobs (competitiveness as a tool to create jobs not as an end in itself). On this point ***the ex-ante target (creating 5.200 jobs) can be considered as achieved with a slight underperformance of 1,25%. At the same time the objective of reducing green house gas emissions was achieved and even exceeded.***

In both cases deviation from established ex-ante targets is widely justified by reduced production levels caused by recession, which had a negative impact on results in one case (employment), and a positive effect in the other (green house gas emissions).

Table 2.2  
DIRECT EFFECTS OF THE ROP ON BENEFICIARY ENTERPRISES (GENERAL OBJECTIVES)  
Expected and achieved values

Impact indicator	Measurement unit	Expected value	Achieved value	Variation achieved/expected
Number of jobs created	AWU	5.231	5.165	-1,25%
Reduction of greenhouse gas emissions	CO <sub>2</sub> Kilotons equivalent/year	127	140	10,21%

\*ns: insignificant

## 2.2

### Beneficiary enterprises performed better

On the basis of results achieved, it is possible to conclude that **beneficiary enterprises obtained better results in terms of job creation, compared to companies in the same sector**. Indeed, while jobs were lost across the board (-3,8%), beneficiary enterprises recorded a 3,1% increase – i.e. over 5.000 jobs – during the same period.

The same rule is confirmed, with few exceptions (basically only the extraction industry), in all macro-sectors: in certain cases (construction) job loss is lower than in the relevant sector, while in others, beneficiary enterprises enjoy job creation where in general the sector lost jobs or this happened at a higher rate where jobs were being created.

Clearly the selection mechanism of beneficiaries was particularly effective, since it identified the companies that were actually able to create additional jobs.

Table 2.3  
 ENTERPRISES AND EMPLOYEES IN TUSCANY  
 Total of enterprises and beneficiary enterprises

	Enterprises 2013		Employees 2013		Variation % employees 2007-13	
	total	beneficiaries	total	beneficiaries	total	beneficiaries
Extractive	206	15	1836	379	-13,4%	-25,1%
Manufacturing	39.715	1.155	284.496	46.338	-6,3%	2,2%
Energy, gas, water and waste	1.075	39	17.169	1.041	-9,4%	17,0%
Construction	41.100	223	99.790	3.961	-12,2%	-0,3%
Trade	79.940	163	236.940	2.606	-0,5%	2,3%
Transport	8.312	31	52.435	920	-6,7%	9,7%
Tourism	25.470	79	108.962	1.030	0,7%	12,9%
Business services	92.532	512	227.601	10.499	-4,9%	5,6%
Other	131.607	558	355.132	11.268	-2,2%	6,8%
<b>TOTAL</b>	<b>327.425</b>	<b>2.263</b>	<b>1.156.760</b>	<b>67.543</b>	<b>-3,8%</b>	<b>3,1%</b>

Source: IRPET estimates

As shown in table 2.3, the variation in new jobs for beneficiary enterprises is 3,1% considering the 2007-2013 period which translates into an absolute value of over 5000 new employees.

Financial engineering instruments deserve special mention. The Regional Government used these instruments to support company investments, in particular of smaller or younger ones. This was an extraordinary measure that hadn't been initially foreseen but which proved to be of paramount importance to address the difficulties smaller companies had in obtaining access to credit during the acute phase of the crisis and in the subsequent recovery phase in which these issues persisted.

The different action lines proposed made it possible for beneficiary enterprises to increase employment by over 2.000 units with better-than-expected results compared to the previously described exercise: during the 2007-2013 period, the sample of beneficiary enterprises recorded a 12% job increase while in their respective sectors there was a 4,9% reduction. This result is extremely significant. In this case as well, the trend is confirmed in all sectors except for the extractive industry.



Table 2.4  
EFFECT OF FINANCIAL ENGINEERING INSTRUMENTS ON EMPLOYEE VARIATION IN BENEFICIARY ENTERPRISES

	Total	Beneficiaries
Extractive	-11,6%	-12,6%
Manufacturing	-7,2%	11,8%
Energy, gas, water and waste	-12,4%	10,8%
Construction	-12,4%	16,7%
Trade	-0,6%	7,4%
Transport	-6,8%	7,2%
Tourism	0,4%	17,7%
Business services	-8,2%	18,7%
Other	2,8%	7,3%
<b>Total</b>	<b>-4,9%</b>	<b>11,8%</b>

Source: IRPET estimates

### 2.3

#### **Countering the loss of competitiveness: objective of the 2007-2013 programming period**

Apart from the effects on single companies, it is important to understand whether Tuscany's concerns during the planning phase for the 2007-2013 programming period were addressed.

As previously mentioned, Tuscany's main concern was the loss of competitiveness. In particular, the main problem was the loss of market share compared to other Italian regions. The weight of Tuscany's exports, after having reached its maximum level in 1993, had constantly been falling in following years.

In the tourism sector, even though the region confirmed its level of attractiveness especially vis-à-vis foreign tourists (Tuscany is third in Italy after Veneto and Trentino Alto Adige), in the years preceding 2007 there had been a slight decrease.

The decrease in exports and in tourism reinforced the argument that Tuscany was experiencing a general loss in competitiveness and its authorities therefore decided to address these issues within the framework of the ERDF in order to reverse the trend.

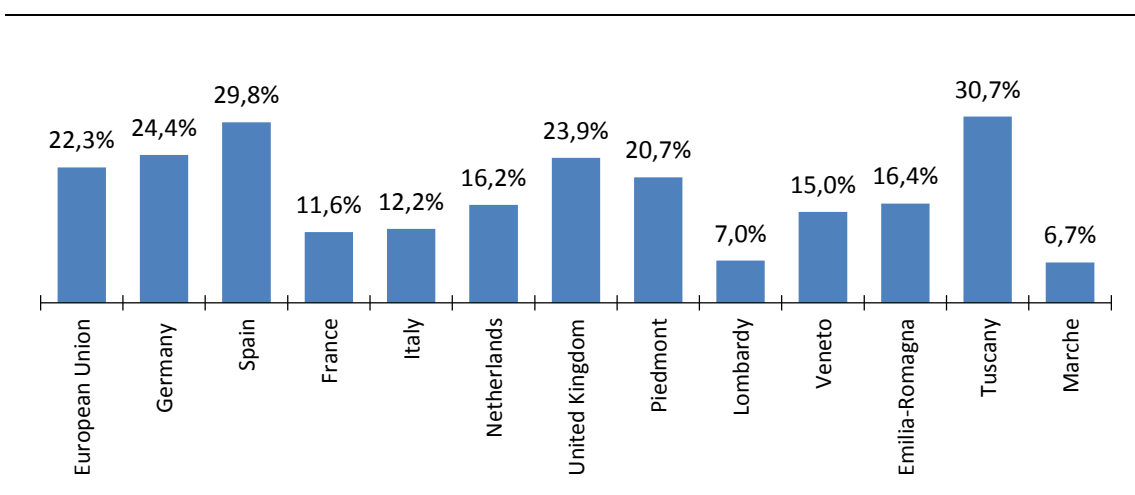
## 2.4

### Increase in competitiveness starting in 2008: Thanks to the ERDF?

Indeed, as of 2008 the trend was reversed in both fields. The extraordinary growth of exports was certainly the most positive event recorded during the 2008-2015 period. Growth was particularly intense not only in absolute terms, but also compared to other regions and, indeed, other countries.

It is worth mentioning that **the region's sales abroad increased more than Germany's which is proof – also considering the length of the period in question – of increased competitiveness on international markets.**

Image 2.5  
EXPORTS– COMPARISON WITH SOME REGIONS AND COUNTRIES  
Rate of variation between 2008 and 2015 at current prices



Source: ISTAT and EUROSTAT, foreign trade

The trend was confirmed by the fact that such dynamism was not the result of sporadic behaviour, but it extended to many parts of our economy since almost all sectors showed sharp and constant growth.

## 2.5

### A race to gain new markets

Not only **exports grew constantly**, but this phenomenon **was accompanied by an expansion on many markets** -in particular in emerging countries. This is proof of the fact that Tuscany's companies were effective in selling their products on new markets, even though the region's productive system was mainly made of small and medium enterprises, which normally have more difficulties in operating on distant markets.

The period examined is long enough to determine that this performance was not linked to transient factors. Indeed, our companies understood how deep the crisis was, and took action to tackle it. The efforts undertaken to improve declining competitiveness were apparently successful thanks to the widespread use of structural funds.

Table 2.6  
REVIVAL OF EXPORTS PER MARKET IN THE 2008-15 PERIOD

	Variation average per year	Weight on total
Africa	-2,9%	4,6%
America	8,9%	13,8%
Europe	3,4%	60,3%
Asia	7,5%	19,4%
Oceania and other territories	16,1%	1,9%
<b>World</b>	<b>4,9%</b>	<b>100,0%</b>

Source: ISTAT, foreign trade

## 2.6

### Better competitiveness also in tourism

The same trend was found also in the tourism sector. **As of 2009 foreign visitors increased at higher levels compared to the rest of Italy**, compensating for the lower number of Italian visitors caused by the generalised decrease in purchasing power of locals (the situation has started to improve over the last two years).

Apart from this increase in tourists visiting from abroad, it must also be stressed that they started staying increasingly in high quality accommodation structures rather than in lower level ones. **This means that visitors with higher spending capacity were visiting our region with a stronger effect on GDP and job creation.**

Table 2.7  
VISITORS IN TUSCANY PER TYPE OF ACCOMMODATION  
Percentage rate of variation 2007-15

	Total	foreigners	Italians
<b>Hotel sector</b>	<b>9,0</b>	<b>23,9</b>	<b>-5,5</b>
5-star, 5-star luxury and 4-star hotels	37,6	56,7	9,8
3-star hotels and tourist-hotel residence	-4,0	1,2	-8,0
2-star and 1-star hotels	-30,8	-27,4	-33,4
<b>Other than hotels</b>	<b>6,0</b>	<b>18,4</b>	<b>-4,6</b>
Campsites and tourist resorts	-3,8	7,7	-10,2
Rented accommodation run by entrepreneurs	13,4	21,8	1,6
Holiday farms	17,8	25,6	4,2
Other types of accommodation	19,0	43,3	7,0
<b>Total accommodation</b>	<b>7,6</b>	<b>21,4</b>	<b>-5,1</b>

Source: ISTAT

By referring to the good performance in exports and tourism, we are trying to show that many of the efforts undertaken within the framework of the ERDF, designed to recover competitiveness (Consolidating the competitiveness of the regional productive system by promoting research, technological transfer and strengthening innovation and entrepreneurship processes was the objective of Axis I) clearly paid off. **The fact**

**that Tuscany showed better performance in one of the sectors more suitable to evaluate an economy's competitiveness – international markets – confirms that structural funds were used effectively** and that, apart from ERDF resources, other significant regional economic factors came into play.



### 3.

## THE IMPACT OF THE ESF IN TUSCANY

### 3.1

#### Training contributes to reducing the unemployment rate of trainees

The crisis that exploded in 2008 had an impact on the results of the ESF: on the one hand it increased the number of potential beneficiaries because the number of persons in difficulty was higher, on the other it decreased the chances of success of relevant actions, especially of those aimed at increasing participation in the labour market.

For these reasons, in order to really understand the impact of the ESF it is necessary to adopt a method of analysis that will allow us to estimate the marginal effects, i.e. the differential attributable to the use of the funds.

The effect in many cases was evident. Lets' take into account training courses that were organised with the main objective of re-qualifying/reconverting the skills of those who had lost their jobs, allowing them to re-enter the labour market.

The results of a counterfactual analysis (i.e. the comparison between groups of subjects similar in everything except the participation in the courses) shows that the probability of training beneficiaries finding a job within 18 months was 8,2% higher than that for similar subjects who hadn't attended training courses.

If we only analyse the subgroup of those who participated in the courses organised by the Employment Centres, the probability increases to 14,7%. On this basis it is therefore possible to conclude that training courses are more useful for the

unemployed who, having registered with the employment centres and having declared their readiness to be recruited, are more motivated in looking for a job.

***Training addressed to those who have the most difficulties (the unemployed) contributes a significant decrease in the unemployment rate among trainees.***

If we also take into consideration the quality of the jobs offered, the effect of vocational training is clearly positive: the percentage of trainees who found a permanent job thanks to vocational training was 39%, while it was only 15% for those who did not participate in such courses.

### **3.2**

#### **Better results than other regions in job creation**

If it is true that the crisis made it impossible to fully achieve certain objectives, thanks to the afore mentioned actions **Tuscany's regional labour market showed better "resilience" compared to the rest of the country.**

Indeed, the implemented actions were aimed at mitigating the adverse effects of the crisis through a mix of passive and active policies as well as by experimenting active inclusion actions in favour of disadvantaged people in order to help them find a job.

The employment rate for the age bracket 15-64 during the 2005-2015 period, grew in Tuscany by about 1% compared to an average decrease at national level (-1,2%) regions of the Centre-North (-0,2%).



Table 3.1  
LABOUR MARKET INDICATORS

	Tuscany		Centre-North Italy		Italy		EU Target	
	2005	2015	2005	2015	2005	2015	2010	2020
General employment rate (15-64 years of age)	63,7	64,8	64,0	63,8	57,5	56,3	70,0	75,0
Women's employment rate (15-64 years of age)	54,1	58,5	53,8	56,1	45,3	47,2	60,0	
Employment rate of those over 54 (55-64 years of age)	35,5	55,6	31,0	51,5	31,4	48,2	50,0	
General unemployment rate	5,3	9,2	4,8	8,8	7,7	11,9		
Women's unemployment rate	7,3	9,7	6,6	9,7	10,1	12,7		
Youth unemployment rate (15-29 years of age)	16,9	32,7	15,5	32,6	24,1	40,3		
Incidence of long term unemployment on the total	33,2	52,2	38,7	52,7	49,9	58,9		

The best results at regional level were obtained with women's employment (this was one of the specific objectives of the cohesion fund) that grew by an astounding 4,4%, almost reaching the general participation target fixed at European level (60%), better than Centre-North regions.

Indicators on university graduates in general – i.e. the percentage of young people between the ages of 30 and 34 who obtained a university degree or equivalent – and on those obtaining degrees in scientific and technology subjects show that Tuscany performed better than the rest of Italy and Centre-North regions, particularly thanks to progress made over the last decade.

Finally, a further positive development is the fact that the adult population showed a keen interest in participating in lifelong learning activities. In 2015, adults between the ages of 25 and 64 who attended vocational training courses in Tuscany were 9,0% of the total, compared to 8,2% and 7,3% recorded, on average, in Centre-North regions and at national level.

Table 3.2  
INDICATORS ON HUMAN CAPITAL

	Tuscany		Centre-North		Italy		EU target	
	2005	2015	2005	2015	2005	2015	2010	2020
Early school leaving rate	17,1	13,4	18,5	11,7	22,1	14,7	≤10	≤10
School attendance rate in high school (20-24 years of age)	78,3	79,7	76,8	82,2	73,1	79,7	85,0	..
University attendance rate (30-34 years of age)	18,5	29,8	18,7	28,6	17,1	25,3	40,0	..
Adults participating in lifelong learning	6,8	9,0	6,0	8,2	5,9	7,3	12,5	..
Impact of young NEETs on total (15-29 years of age)	13,0	18,6	12,8	19,4	20,0	25,7	„	..
Science and technology graduates (total)	8,8*	16,6*	6,9*	16,1*	5,7*	13,2*	15%	Compared to 2000
Science and technology graduates (women)	6,6*	13,8*	5,0*	10,8*	4,2*	12,8*	115%	

\* This figure refers to 2000; \*\* This figure refers to 2012

Even though the crisis made it very difficult to achieve the general objectives, the fact that Tuscany obtained better results at creating jobs and organising training activities than the rest of the country can be explained by the fact that ESF funds were put to good use. These results were also compounded by the positive effects ERDF funds had on the activities of Tuscany's enterprises as described above (i.e. higher job growth in beneficiary enterprises).

### 3.3

#### Indications for the new programming period

Thanks to the results obtained in the previous cycle, financial measures in favour of policies to promote employability and youth employment were strengthened further. In particular specific actions were taken to fight against early school leaving and to encourage transition between school and labour market.

Concerning training, our region revamped its approach, also because of institutional reforms that occurred in the country, by retaking responsibilities in this field at regional level and concentrating its interventions on specific issues. Indeed an analysis was carried out to establish the training needs of companies belonging to the main strategic sectors: fashion, machinery, tourism and culture, ICT, chemical-pharmaceutical, marble, yachting, etc. Particular attention was devoted to updating skills that were required for better implementation of the production system's innovation processes.

Tuscany tried to counter the effects of the crisis by implementing social inclusion measures and allocating over 20% of the ESF ROP budget to such actions.

Table 3.3  
SUMMARY DATA ON FINAL IMPLEMENTATION OF THE 2007-2013 ESF  
(Million euro)

AXIS	Public expenses	Certified public expenses	Implementation rate	Actions started
	(a)	(b)	(b/a)	
I - Adaptability	112,1	124,2	110,8%	13.273
II - Employability	301,7	299,2	99,2%	31.066
III - Social Inclusion	39,7	39,6	99,7%	2.974
IV - Human Capital	163,2	160,9	98,6%	14.021
V - Transnationality and Interregionality	19,7	17,8	90,4%	578
VI - Technical Assistance	23,3	23,4	100,4%	441
<b>TOTAL</b>	<b>659,7</b>	<b>665,1</b>	<b>100,8%</b>	<b>62.353</b>



## 4.

### A NUMBER OF BEST PRACTICES

#### 4.1

##### The Giovanisì project

Giovanisì ([www.giovanisi.it](http://www.giovanisi.it)), the Tuscany region project for the autonomy of young people, was organised in 7 macro-areas: Traineeships, Housing, Civil Service, Entrepreneurship, Studying and Training, Work and Giovanisì+. Recipients were young people until the age of 40 and targets were established on the basis of available opportunities. Giovanisì kicked off in 2011 with the main objective of helping young people becoming fully autonomous. It was believed that this objective could be achieved by strengthening and promoting opportunities linked to the right to education, to training, to supporting young people for full participation in the labour market and backing start-ups.

Giovanisì offered over 40 different opportunities linked to the main dimensions of a young person's life, a coordinated communication and information strategy and an integrated and cross cutting governance model. Giovanisì was able to involve **over 234.000 young people** with a budget of over **690 million euro** (mainly structural funds) and was the result of effective synergies between funds.

Given the time passed since the beginning of the Giovanisì project, it is possible to assess its effects. The measures object of this analysis were specifically focused on helping young people.

The examined case studies were: non-curricular traineeships, and co-working.

### ***Traineeships helped lower the unemployment rate by 11%***

Traineeships in recent years have brought demand and supply of young workers closer. Let's take the example of two young people who have never worked and have no previous experience. One enrolls in an employment centre, thus showing readiness to work, the other one during the same quarter participates in a traineeship co-funded by GiovaniSì. If we set aside possible single differences in the subjects, the result is that the trainee, in the months following the beginning of his traineeship has a higher chance (+7% within 12 months +11% within 18 months) of finding a new job. The traineeship therefore makes it easier to find a new job.

What is the effect of traineeships on employment? Let's take a 3-year period into account: between 2013 and 2015, 9.000 trainees with no previous work experience enjoyed some form of regional support. Of these 9.000, 5.300 would have found a job even without the traineeship (58%). Thanks to the traineeship a further 1.000 were added to this list, increasing the share of employed young people from 58% to 69% (+11%): in other words, the **unemployment rate of young trainees went from 42% to 31%**.

Furthermore, traineeships pave the way for other job opportunities more quickly, basically facilitating the transition of young people from the education system to the labour market.

***Over recent years traineeships have increased in number: in 2015, 12.000 traineeships were started by 6.300 companies; in 2009 there were only 8.000 traineeships organised by a mere 3.600 companies.*** On average, every year (between 2009 and 2015) 3.200 companies (about 0,9% of the total) and 10.000 trainees (about 4% of non students between the ages of 18 and 29) availed themselves of this measure. Almost all productive sectors implemented this tool, with a particular prevalence in the trade sector (21%), social services, associations and cultural activities (10%), hotels and restaurants (9%). The use of traineeships in the manufacturing sector

(21%) is slightly higher than the total weight of this sector in terms of workforce (20%). It is in trade, whose weight in terms of jobs is only 16%, that traineeships were most widely used.

The current limitation – introduced by our regional government – to provide financial support only to traineeships activated within 12 after obtaining a professional qualification, a diploma or a degree, is consistent with the results of the evaluation that was carried out on the impact traineeships have on finding a job. Indeed, newcomers on the market are the ones who get the most out of these traineeships. These measures are not equally effective, by their nature, for those who already have work experience.

### ***Co-working***

In Tuscany, as well as in the whole country, young entrepreneurs are few, and setting up an activity is complicated and means addressing a number of problems, including management costs of working spaces and equipment, as well as difficulties in establishing an adequate network of professional relations.

*Co-working*, an innovative way of organising work based on the sharing of work spaces and on the exchange of skills, information and knowledge, is meant to address these concerns and help the careers of young professionals and entrepreneurs.

What conclusions can we draw from policies implemented in Tuscany?

The intervention consisted in providing *vouchers to be used* with authorised structures. This was an experimental measure: There were a total of 68 requests submitted for a total amount of allocated resources of 122.000 euro (on average 1.800 euro per *voucher recipient*). Of the 68 recipients, 52 were concentrated in 3 structures in Florence (Back Sas-Multiverso Firenze, The Hub Firenze Srl-Impact Hub-; Smart Hub Srl). We specifically focussed our analysis on the first 37 individuals who had accomplished their cycle. The remaining 31 concluded their experience in April 2017.

The average voucher recipient was a self-employed person with medium-high education, of an age between 25 and 40, active in sectors linked to the *web, software, audio-video, architecture, fashion and design*. In general we're talking about people working in the advanced services sector, particularly in business and personal services. Participation in these co-working experiences helped create a number of partnerships (37 out of 37?), increase the number of customers (31 out of 37), and achieving higher turnover (27 out of 37).

The main highlight of *co-working* was the meeting and exchange of skills acquired in different professional contexts similar to those experienced in ones field, which enabled participants to improve the type of services offered. Working in a relationship-rich environment, recipients were able to devise practical solutions for their activity, which under other circumstances would have taken longer and possibly would have required fee-based advisory services.

Further confirmation of the positive effects of co-working for beneficiaries, is the fact that 26 out of 37 recipients renewed or will renew the lease contract for the workstation, thus staying in the chosen location without any public aid.

After the extremely positive experience of the 2007-2013 Programming Period, Tuscany chose to focus on young people also under the current Programming period. Indeed, 35% of financial resources of the 2014-2020 ESF ROP were earmarked for young people. This amounts to over 255 million euro that will be used to make sure traineeships are still available (66 million euro), and in favour of activities such as orientation, apprenticeships to improve professional skills, education and vocational training. All these measures are part of the Giovanisì project.



## 4.2

### An example of integration in Axis B (social inclusion) of the ESF ROP

One of the main objectives of the ESF was ***to increase employability and participation in the labour market of most vulnerable persons***. These actions are complementary to active inclusion measures foreseen by the regional PON SIA (National Operational Plan on Support to Active Inclusion)<sup>2</sup>. Integration is based on:

- Identifying district areas as points of reference to better structure inclusive and participative processes;
- Awareness raising on the need for a new paradigm that no longer focuses on the provision of care, but rather on the supply of dedicated services;
- Promoting integrated pathways in terms of services, workers of the relevant sectors and actions;
- Adopting an approach that introduces, in the framework of social and labour inclusion, a multidimensional evaluation of needs, providing a personalised approach for individual cases based on actual needs. The idea is that different measures must be foreseen according to the seriousness of difficulties encountered by workers;
- Adopting operational tools that can contribute to carrying out the necessary assessments (profiling of persons and companies, that can lead to focused scouting to match demand and supply) and to the triggering of resources linked to one's personal situation and the relevant context (inclusion pact).

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<sup>2</sup> The NOP (National Operational Plan) on support to active inclusion is a national measure aimed at fighting against poverty and is addressed to families living in conditions of hardship in which there are minors, disabled children or pregnant women.

### ***The co-planning method***

With the first public notice, **a new regional system was established to provide a number of services in favour of disabled and vulnerable people.** These actions were under the responsibility of *local health authorities and social services*(in particular psychiatry services). Resource allocation by area was foreseen to make sure that actions guaranteeing equal access could be implemented across the region as a whole. The call also had two innovative elements. A first element was linked to the very nature of the social inclusion measure based on a multidimensional approach whose aim was to activate the resources that individuals and the community have to offer. The second one, instead, based itself on an organisational model, which was able to assess the many facets of a person, in order to then provide a personal development plan. All available resources were based on personal needs and context, to make sure people could be actively involved.

In order to develop and implement this idea, co-planning was chosen for all project proposals.

In order to clarify the nature of said instrument, it must be remembered that the funding method chosen by the managing authority of the ESF ROP for activities of social inclusion in Axis B was grants. The awarding procedure started with a public notice, a public tender procedure in which a “call for the presentation of projects” was launched. Through this public notice, modalities and criteria for the awarding of grants or other types of support were predetermined and made public. The body in charge of the project received funding for the implementation of activities carried out in pursuit of objectives of general interest established by the administration.

Co-planning within the framework of the calls was basically characterised by:

- a. A public tender procedure which was the responsibility of the public body in charge of the action that would guarantee the compliance with the general principles of

cost efficiency, efficacy, impartiality, equal treatment, transparency and proportionality.

- b. A path that ensured shared planning of the project and a negotiated definition of its governance and the various levels of responsibility.
- c. the introduction of innovative actions and experimentation of new organisational and managing methods in the implementation of direct actions or in providing services to recipients.
- d. The signing of agreements that substantiated the relations of horizontal subsidiarity, which at the end of the co-planning process, would be established between all parties involved in co-planning.

***Phase monitoring: data on the co-planning phase***

While analysing the data on the monitoring of this first co-planning experience on a regional scale, we noted that there was a high number of participants. Over 700 public and private bodies expressed their interest in participating in the co-planning activities foreseen by the tender. Out of this total, more than 90% were admitted to the actual co-planning phase. The composition of participants was another interesting element. Public entities were 17%, consortia and social cooperatives 28%, while 42% of beneficiaries were made up of third sector players (Non-profit organisations, Foundations, Family associations, Trade associations, etc.). Training agencies accounted for 11%, while universities made up 2% of the total (certain research groups participated in a number of projects).

In this context the so called “società della salute” (bodies in defence of occupational health and safety) or, where they did not exist, public bodies indicated by the Covenants of mayors (generally the leading municipality or the local health unit in that area) ensured – as foreseen by the tender – an open and public procedure for the creation of partnerships and, most importantly, managed the co-planning phase of the

projects. 31 projects, presented by the same number of partnerships, were approved thanks to this procedure public bodies (“società della salute” or municipalities) were lead partners in 18 out of these 31. Two projects were submitted by groups made up of two district areas each.

It is also interesting to note the different approaches and different methods through which single district areas were able to organise and manage the processes that lead to the submission of the applications. The aspect that showed the most significant differences was, beyond any doubt, the process by which the projects were defined. During this exercise we found projects that were very loosely organised in terms of selection and management and others that were extremely organised thanks to the coordination offered by the public body.

This extreme difference in experiences is clearly reflected in the number of working days in the co-planning phase. If at regional level the process took about 40 working days on average, in certain cases the co-planning phase took less than 10 days. Considering the complex nature of these extremely innovative projects, this phenomenon might be linked to difficulties in the participatory process. Even though it is not our intention to define a ranking, the phase monitoring exercise clearly identified a number of difficulties in managing the working groups, linked specifically to the high number of participants, and this occurred where the process was less structured.

### ***Three significant co-planning experiences***

The first significant experience was the one concerning the public selection board in which “società della salute”, local health unit and municipality were represented. Once work groups had been created to present the projects, it was the board’s responsibility to make a pre-selection of certain projects and to meet the applicants to get a more in-

depth presentation of the ideas. Subsequently the board identified the project to be submitted on the basis of the criteria established in the regional public notice.

The second experience was the one in which the project to submit was established through an extremely structured process. Parties to be involved in co-planning were pre-selected on the basis of “project plans” presented during the call for expression of interest phase. These project plans were measured (scores were established in the tender) and selected on the basis of: qualifications and skills; experience in the relevant field; organisational, economic and financial solidity; quality of project plans in terms of consistency, pertinence and congruence.

The third significant experience was the one in which a facilitator was put in charge of the process. In this context, once the subjects were admitted to the co-planning phase, they were convened for a number of working days during which – with the help of a facilitator and a number of negotiation processes – the operational lines and activities to be implemented on the basis of the tender were agreed upon.

### ***Some shortcomings***

Some beneficiaries also pointed out some shortcomings:

- **System shortcomings:** lack of integration with the training-employment sector; difficulties in creating a stable system of job-support schemes for disabled persons; weak participation in the projects of for-profit enterprises; difficulties in creating stable jobs for disabled persons.
- **Procedural shortcomings:** Huge difference with previous procedures; selection criteria not particularly strict; inexperience in managing extremely diverse working groups in terms of experiences and interests; difficulties in redefining the role of the various public and private bodies.
- **Specific shortcomings:** expectations were not always adequate especially on part of associations; over simplification of certain aspects of project proposals;

heterogeneous nature of participants; limited experience in European projects; subjects were not particularly keen to share experiences but were rather inclined to compete.

### ***Opportunities***

Participants identified a number of opportunities that can be clustered in the following groups:

- **Networking opportunities:** innovative approach of existing relations in the territory through the creation of an area in which new ideas, new points of view and new ways of acting could be defined; creation of synergies and accumulation of know-how of various participants, acquisition of knowledge and relations with the business world and volunteer associations; better knowledge of opportunities and resources in the region.
- **Opportunities for services:** definition of guidelines for job-support services; Implementation of a new ICF-based evaluation tool devised at the same time between areas belonging to different sectors; experimentation of a multidisciplinary team in charge of for projects based on individual needs for better participation in the labour market;
- **Opportunities for participants:** direct contact between the main stakeholders in the territory; formalisation of different forums and working groups with third parties in charge of the subjects that are part of the tender; participation in co-planning forums of large consortia and smaller associative realities (in particular family associations), that often find it hard to emerge but that contribute to a more open work setting and widespread participation on objectives and operating methods; discussions with subjects operating in different territories that can provide information on different and completely innovative operational arrangements.

### ***Proposals for improvements***

In this chapter you will find a number of proposals for improvements, which are the result of the monitoring activities:

- Encourage the widest possible participation of the production sector in the project-making phase.
- Clarifying the new framework in which projects are to be implemented when the call is published.
- Devote more time to the co-planning phase in order to encourage discussions of greater depth and reach with regional players.
- Encourage support/facilitation activities for wider participation of third sector organisations in co-planning.
- Foresee, already in the call for expression of interest phase, the possibility of defining whether a subject will participate as project partner or supporter. This would allow even smaller entities (such as family associations) to participate in the support, control and monitoring processes without taking on too many responsibilities in managing and reporting processes foreseen by the ESF.

In conclusion, we can say that this first experience, also on the basis of early monitoring phase data, was extremely positive for the activated processes and for the quality of the products delivered by the applicants. The highlighted shortcomings and proposals for improvement are a precious source of ideas that can be used for the future development of new ESFROP measures foreseen in Tuscany.

### 4.3

#### Research and development policies in Tuscany

##### ***A basic fact: R&D expenditure is low in Tuscany's companies***

According to available data on the characteristics and the innovative potential of European regions periodically published by the Commission (*Regional Innovation Scoreboard*), Tuscany is considered as a moderately innovative region.

Despite high levels of public expenditure, Tuscany still shows low levels of private investments in R&D, concentrated in small clusters of medium and large enterprises operating in medium to high technological intensity sectors that often cooperate with the public research system.

Manufacturing SMEs, which are more numerous and heterogeneous, seem to operate with incremental innovative practices or “innovation without research”, often implemented in a fragmented and discontinuous fashion.

##### ***The region's commitment to support companies on the innovation front***

The 2007-2013 cycle of regional policy was characterised by a cross-cutting intervention model whose aim was to encourage the dissemination of innovative practices thanks to support to small projects proposed by a potentially wide audience of companies: The objective was to reveal hidden planning and innovation skills that could be found in our region. Two lines were followed.

On the one hand, we directly encouraged innovative practices to be implemented in cooperation between small enterprises and larger companies or research centres. On the other, we encouraged innovative practices, implemented internally, which were meant to keep smaller enterprises competitive but also to create new capacities and knowledge. The latter could then be used at a later stage within the framework of



innovative projects with a higher critical mass, which could be implemented by one body alone or in cooperation with other players. Furthermore, ***also large companies were encouraged to cooperate with smaller ones in the same territory especially in the interest of the latter***; fruitful cooperation between small enterprises and research centres, which is desirable but difficult to implement, was facilitated also by promoting the use of technology brokers that helped bridge the gap between these two different types of subjects.

#### ***Evaluation on adopted policies (counterfactual analysis) and policy implications***

Direct grants received by projects involving large and small companies, were effective in promoting an upgrade and requalification of the latter, while the results of the cooperation between small companies and research centres are more difficult to determine.

The policy implications of these analyses are the following: ***also large companies must be encouraged to cooperate with small enterprises in the territory, in the interest of the latter***; fruitful cooperation between small enterprises and research centres, which is desirable but difficult to implement, must be facilitated also by promoting the use of technology brokers that can help bridge the gap between these two different types of subjects.

As far as the concession of grants for the implementation of internal innovation measures is concerned, the main benefit is for companies that are not used to implementing innovative practices. Through these measures, companies are encouraged to implement such practices more consistently and to keep on investing in research and staff requalification even above and beyond the timeframe of the funded project. Therefore, ***support to small innovative projects must not be completely abandoned in favour of more ambitious programs since it creates the conditions for the involvement of small companies in durable and challenging innovative processes.***

### ***Strategy for the 2007-13 programming period***

Starting from the 2007-13 programming period, the regional government gave a more strategic impulse to its innovation policy. Interventions were implemented in order to ***strengthen the provision of support in favour of large-scale investment projects which, compared to smaller projects, were more suitable to generate higher knowledge accumulation, better technological advances compared to the past and improve competitiveness.***

To this end, as of the 2007-2013 programming period, partnerships between small enterprises were particularly encouraged to foster the sharing of efforts and of the limited resources available. In actions implemented within the framework of public intervention, grants were focused mainly on research and development activities carried out by subjects that already have large investment capacity. Smaller projects or moderately innovative ones, instead, were supported by refundable financial instruments (for ex. repayable direct loans, public guarantees with a view to obtaining bank loans), or by support for technology transfer demand with the aim of improving project-making capabilities (for example, aid for paying consultancies or other qualified services).

In this phase, ***regional industrial policy became more selective also from a technological point of view, by reserving certain intervention lines to high tech projects or focussing on enabling technologies.***

The Tuscany Region also tried to bring large companies on board by providing them with an aid scheme (largely non-repayable but in certain cases partially repayable) linked to the implementation of large investment projects that would preferably involve local business or that would concern technological developments in sectors such as the environment, transport, energy and health. Much attention was also devoted to industry-research projects. On the one hand, these projects were

encouraged (not always imposed) within the framework of large investment projects in the field of research and development programs.

On the other, especially in the final phase of the 2007-2013 programming period, small enterprises were put in contact with research organisations thanks to a process that allowed the region to strengthen its technology transfer infrastructure. This course of action was also confirmed in the current programming period in which a number of innovation clusters were created (later renamed technological districts), managed by research bodies and/or by technology brokers already present in the territory often acting in a federated fashion. The underlying rationale for this new regional system of technology transfer was based on the need to encourage the development of a limited number of subjects that, thanks to the critical mass obtained, would be able to make companies aware of their technology needs and direct them towards quality services that could also be provided directly.

### ***Strategy for the 2014-2020 programming period***

During the new programming period the basic approach of the previous cycle was left largely unchanged, except for the reintroduction of grants in favour of small innovative projects on top of those destined to large investment ones. The intervention scheme was however amended in two important aspects.

The first significant difference was ***the linkage of research and development programs with smart specialisation initiatives*** as defined by the region (ICT/photronics, Chemical sector/nanotechnologies, Smart factory). Such initiatives were given priority over other projects in terms of support. This new approach strengthened the levels of technology selectivity of industrial policy that had already appeared during the previous cycle. In addition, it pushed Tuscany's authorities to establish strong cooperation with other European regions in the framework of precision farming and industry 4.0. In these two

fields the Tuscany region took the lead in two platforms: Agri-Food and smart specialisation for industrial modernisation.

Concerning technology transfer, as already mentioned, **the reorganisation and strengthening of technological districts continued**. Created at the end of the previous programming period as innovation clusters, these districts should now operate at full capacity as service providers to companies.

The latest highlight consists in the fact that **research and development programs are available for “dynamic” companies**, i.e. subjects that haven't recently recorded a decrease in turnover. The choice to focus on healthy companies is in line with a number of microeconomic policy trends that have recently emerged at international level. Fast-growing companies (also called gazelle companies) receive increased attention in the framework of public schemes since it is believed that they are better placed than others to implement investment and innovation projects, to benefit from them and consequently create jobs and development opportunities for local businesses.

#### 4.4

##### **A few indications for the new programming period: dynamic enterprises**

The different reaction capabilities of companies in the face of the crisis pushed Tuscany's regional authorities to carry out an in-depth analysis. It was believed that the recession had indeed caused a number of difficulties, but it had also revealed unexpected competitive capacities.

By observing over time a number of indicators on all manufacturing and extractive enterprises in Tuscany, **over 3.500 companies were identified that showed strong dynamism in terms of job creation and turnover (thus the name dynamic enterprises)**. These companies were over 8% of the total, distributed in all sectors and

located in areas where industrial activities had developed over the years, with a higher density in areas closer to large urban areas. Even though most of them were medium and large enterprises, some smaller companies also managed to perform brilliantly. This 8% of highly performing companies also contributed to 40% of employment, 70% of turnover and 80% of exports.

The economic crisis therefore amplified differences in behaviour within the regional production system bringing to the fore a limited number (but important in terms of employment) of companies that were able to successfully react during the recession. We are talking about companies that operate on large international markets and that contributed to the sharp increase in exports we previously described.

Table 4.1  
DYNAMIC ENTERPRISES IN TUSCANY

	# enterprises	Employees	Turnover (meuro)	Exports (meuro)	Export weight %
Total dynamic enterprises	3.555	124.147	37.937	12.623	33,3%
Total manufacturing enterprises	41.866	310.300	56.256	16.006	28,5%
% Weight of dynamic enterprises	8,5%	40,0%	67,4%	78,9%	
<i>Both employees and turnover</i>	<i>5,2%</i>	<i>24,1%</i>	<i>41,4%</i>	<i>53,9%</i>	
Small	3.159	57.816	12.958	3.395	26,2%
Medium	363	35.401	10.902	3.374	31,0%
Large	33	3.093	14.077	5.854	41,6%
<b>Total dynamic enterprises</b>	<b>3.555</b>	<b>124.147</b>	<b>37.937</b>	<b>12.623</b>	<b>33,3%</b>

Source: IRPET estimates

Identifying these more dynamic entities was extremely significant at the time, because focusing on them to promote growth seemed to be the best strategy, especially in a moment in which there weren't many resources available. This was a relevant strategic choice, not so much because we decided to support companies that would make the most out of the funds obtained, but because these companies were very often part of regional clusters and were therefore able to transfer the positive effects of growth

onto the remaining part of the production system. The multiplier effect of funds provided was therefore higher.

On the basis of this analysis ***the Tuscany Region introduced the concept of dynamic enterprise in its tenders (an enterprise that was able to maintain or increase its turnover during the crisis and more recently)***; the tenders were published in 2014 (executive decree n. 3389 of 30/07/2014) and they were published for research, development and innovation projects, presented by small and medium enterprises alone or together and with or without research bodies as partners. Future calls will only allow dynamic enterprises to access available funding.

## 5. Conclusions

The importance of structural funds goes well beyond the amounts of money received and their weight on the region's economy. It is also thanks to these policies that the region was able to identify a number of important objectives on which to concentrate financial or regulatory resources. The region was also able to actively participate in the life of companies, families and social partners. Thanks to the implementation of structural funds, the Tuscany Region identified a number of objectives on which to focus further attention. This attention can come in the form of financial support, regulatory adaptation or simply participation in the events concerning companies, families and social partners.

Having observed Tuscany's case, we realised that even during an extremely difficult moment for Italy's economy (but also Europe's), many significant economic and social objectives were achieved by the region thanks to structural funds and that, indeed, results would have been even more positive if more resources had been available.

Clearly this was possible because Tuscany's authorities were extremely effective in using structural funds and in making sure there was a level of convergence between actions. This was a clear demonstration that regions have an important role to play in implementing Europe's objectives. These objectives can be achieved especially through policies based on supply, i.e. by leveraging local resources that can be exploited at territorial level.

We believe that Tuscany's case shows the important role the public sector and regions can play and it is also proof of the fact that the failures of convergence policy elsewhere cannot be blamed on wrong planning, but rather on the ineffective use of

resources, amplified by the fact that the recent economic situation pushed towards divergence.

In particular, policies in favour of companies and innovation have historically been a reason for ideological confrontation between supporters of active public intervention at industrial level and those who prefer a minimalistic approach in order to avoid possible market distortions.

In countries with decentralised *governance* like Italy, “competence” on such interventions belongs to State and Regions. Unfortunately certain regions, also in recent years, have shown limited capabilities in planning and spending on available resources and this has been a cause for criticism for the decentralised approach so much so that many have expressed the view that the central government should be put in charge.

Contrary to what many say, Italian industrial policy, at national and regional level, was the object of many impact assessments based on counterfactual statistical techniques in the last twenty years. From 2000 until today, over 50 studies were carried out that identified over one thousand sets of data on the impact of programs in favour of companies and innovation implemented by Italy. In this analysis a number of possible target variables were taken into account. On the basis of an in-depth examination of a vast array of empirical data and statistical analyses, a number of interesting conclusions can be drawn that contradict the stereotypes that were based on one-sided theories.

First, it is highly probable that programs in favour of companies and innovation have a positive effect, especially if the target variables taken into account in the analysis concern the outputs of investment or innovation processes implemented by companies and when public intervention is in favour of subjects that have serious limitations in terms of investments.

Secondly, regional programs are not less likely to succeed than those implemented by the central government. In order to interpret this result, one must remember that



evaluations on regional programs that are available today, concern almost exclusively regions from Italy's Centre-North, which in general have good to acceptable governance capabilities that are implemented in a rather stable political environment. Unfortunately, this level of stability is missing at central government level, making it impossible to implement long-term industrial strategies. On the basis of these considerations we can therefore conclude that, if effective governance can be assured, there is no need to centralise or re-organise intervention possibilities that are now currently managed at regional level.

Also in terms of active policies, especially training, the regional level appears to be the most appropriate to plan and manage actions (also because in Italy this issue is entirely of regional competence). Community resources are today the main source, if not the only one, of funding for these policies that in the near future will be of paramount importance to update the workforce's skills in a transition to industry 4.0.

A clear distinction must be made between objections on the spending and planning capacity shown by some regions and the potential structural funds can express and indeed have expressed in regions such as Tuscany that were able to use them successfully.

On the basis of this consideration we are worried that the resources allocated to the Tuscany Region for the 2013-2020 seven-year period are only 3 per thousand of regional GDP (ERDF and ESF less than 2 per thousand). In a country in which austerity measures are imposed on public finance, thus causing a negative effect on investment capacity, structural funds become the main – if not the only – resources available to seriously strengthen the accumulation process that would improve competitiveness.

Table 5.1  
2014-2020 STRUCTURAL FUNDS FINANCIAL PLAN  
(Million of euros)

	Financial Plan	EU share	Italy's share	Tuscany's share
ERDF	792,4	396,2	277,4	118,9
ESF	733,0	366,5	256,5	109,9
Youth guarantee '14-'15	65,9	49,4	16,5	-
EAFRD	961,8	414,8	382,9	164,1
ITA-FRA OP	199,0	169,7	29,3	-
TOTAL	2.752,1	1.396,6	962,6	392,9
GDP (sum of the 2014-20 period)*	822.659,7			
GDP share	0,33%			

\*GDP for the 2016-2020 period was calculated by assuming a nominal growth of 3% per annum

We might find ourselves in the paradoxical situation in which a region that in recent years has significantly improved its competitiveness – contributing to Europe's competitiveness as a whole since large part of the region's exports are towards extra-European countries – might be prevented from exploiting its full potential because of the insufficient resources made available to it.

## 5.1

### In summary

Regions believe that post-2020 cohesion policy must be confirmed and strengthened given its effectiveness in mitigating the impacts of the crisis and in re-emphasising the need to focus on the social perspective, on economic cohesion and the strengthening of territorial economies.

Cohesion policy must never forget to invest in people, in order to give new thrust to territorial economy and to fight against the disintegration of the regional fabric (also at social level), especially in areas with the most serious problems.

More specifically, cohesion policy must keep on contributing to job creation, strengthening people's skills and a general improvement of education and training levels. At the same time it cannot lose the "inclusive" dimension it acquired with the current programming period, by focussing on integration and fighting against marginalisation and fragility in the context of our continent and of the Union in particular.

At a time in which public investments in favour of the creation of new and better jobs and against unemployment are being cut, cohesion becomes essential for its ability to produce measurable results.

Investments on cross cutting issues such as equal opportunities and the fight against discrimination, as well as social innovation must be encouraged. These issues have been addressed within the framework of a structured approach that has proven effective.

Cohesion policy must keep on supporting job creation, the strengthening of human capital and social inclusion. In this framework the ESF, which is one of the pillars of cohesion, must remain the main investment tool for people, skills and inclusive policies, thus keeping its own specific identity.



# CATALOGUE OF SOME OF THE MAIN PROJECTS FUNDED BY STRUCTURAL FUNDS

1/

**Fund:** ESF, EAFRD, ERDF

**Title of the project:** Giovanisì, Tuscany's project in favour of the autonomy of young people

**Resources allocated:** Over 690 million

- European:
- National:
- Regional:
- Private:

**Type and number of parties involved (families, enterprises, public bodies, associations)**

Young people, families, enterprises, public bodies, third sector: over 234.000 (between 2011 and today)

**Brief description of the project**

Giovanisì ([www.giovanisi.it](http://www.giovanisi.it)), Tuscany's project in favour of the autonomy of young people, offers a number of opportunities structured around 7 macro-areas: traineeships, housing, civil service, entrepreneurship, studies and training, work and Giovanisì+. The project focuses on young people until the age of 40 and targets vary according to the type of opportunity offered. Giovanisì kicked off in 2011 with the main objective of encouraging young people to become autonomous by strengthening and promoting opportunities linked to the right to receive education and training, supporting them in finding a first job and helping them in setting up start-up companies.

**Brief description of results achieved**

Over 234.000 young beneficiaries

Among these:

- 38.941 non-curricular traineeships implemented with regional co-funding (ESF).
- 1.364 advanced training vouchers in Italy and abroad (ESF).
- 1.642 beneficiary enterprises from the guarantee fund, support to youth and women's entrepreneurship (ERDF).
- 360 agricultural holdings start-ups thanks to the 2012 youth package and 588 programs funded in 2015 (EAFRD).

**Fund:** 2007-2013 ERDF ROP CReO (growth and employment) – AXIS IV Accessibility to transport and telecommunication services – Intervention line 4.3.a. Improvement of the tramway and train system in the Florence metropolitan area

**Title of the project:** Construction of a tramway in the Florence metropolitan area

**Cost of the intervention:** 616.130.648 euro

**Eligible investment:** 180.276.577 euro

**Allocated public contribution ERDF ROP:** 50.068.095 euro of which:

- EU resources: 26.003.422,86
- National resources: 13.268.998
- Regional resources: 10.795.674

**Type and number of parties involved:** Florence Municipality (beneficiary) and signatories of the Programme Agreement (Tuscany Region and Scandicci Municipality).

**Brief description of the project**

This is one of the two “large projects” supported by the 2017-2013 ERDF ROP, i.e. projects with investments exceeding 50M€ that require a specific approval procedure on part of the European Commission beyond the regular approval of the program. The Grande Progetto Tramvia, approved with Decision CE 7804 of 16/11/2010, followed by Decision EC C(2016) 6612 of 13/10/2016 which became necessary following the modifications made to the project, foresees the construction of a number of tramway lines for quick mass transport connecting the main municipalities of the greater metropolitan area (Florence and its surroundings). The project foresees the completion of tramway line 1 (in particular the two sections: Firenze SMN – Scandicci and Firenze SMN - Careggi) and of tramway line 2 (Amerigo Vespucci Airport – Piazza dell’Unità d’Italia). The approved project covers a total of 16.901 km, of which 7.720 km for Line 1 (Scandicci – S.M.Novella) have already been completed. This section comprises 14 stops and was put into service on 14 February 2010 becoming very popular and reaching 13 million passengers/year in 2015. Other technical characteristics of Line 1 Firenze SMN - Scandicci: trainset length 32 m; trainset width 2.40 m; train set capacity: 202 passengers; frequency at peak time: every 4 minutes; timetable: 5:00 – 00:30 from SMN station, number of stops: 13 (on average).

Many and significant structural works are foreseen: street underpasses, train underpasses, adaptation of bridges.

The remaining sections, overlapping partly Line 1 Careggi – S.M.Novella for a total length of 4.024 km (13 stops foreseen), and Line 2 Amerigo Vespucci Airport – Piazza dell’Unità d’Italia for a total length of 5.483 km (13 stops foreseen), of which 326 in common with line 1, are currently under construction and must be completed, according to community rules, no later than 31/03/2019 (failing which, the entire contribution will be revoked).

The delays are mainly due to changes in the corporate structure of the licensee and to the changes in the project, which lead to the review of the contract and to a review in the works schedule.

A steering committee, created and chaired by the Presidency of the Tuscany Region within the framework of the agreement signed between the Tuscany Region and beneficiary municipalities of the project, ensures coordination of the works and monitors its progress. On the basis of the latest schedule approved by the steering committee, works will be completed by 14/02/2018.

### **Brief description of results achieved**

#### **Accomplishment indicators on 31/12/2016:**

- Completed tramway network (KM): 7.72 out of 16.9 (45%)

#### **Result indicators on 31/12/2016:**

- Number of jobs created (CI 1) (AWU): 90
- Number of jobs created (women only) (CI 3) (AWU): 17
- Total number of passengers from 2010 to 2016: 58.402.121

Concerning the indicator on the “reduction of green gas emissions (CO2)”, values will be calculated once the works are completed entirely.

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**Project presented in the “Energy Union” category for the Regiostars 2017 competition (application n. #147)**

**Fund:** 2007-2013 ERDF ROP CReO (growth and employment) – AXIS III – Competitiveness and sustainability of the energy system – Intervention line 3.2. Actions to promote and support the carrying-out of works for the reduction of energy consumption and for improving energy efficiency in production systems. Public and private bodies.

**Title of the project:** Remote heating plant in the town of Montieri (GR)

**Eligible investment:** 5.983.561,82 euro

**Allocated public contribution ERDF ROP:** 2.446.167,32 euro of which:

- EU resources: 776.460,04 euro
- National resources: 1.201.478,16 euro
- Regional resources: 468.229,12 euro
- Other public/private resources: 3.537.394,51 euro

**Type and number of subjects reached:** Montieri Municipality (GR) and Montieri residents

**Brief description of the project**

The project involves the construction of an extremely innovative remote heating network in the town of Montieri (province of Grosseto – Southern Tuscany), through the use of high enthalpy fluid originating from the geothermal plant of Travale, accompanied and complemented with anefficiency-raising systems to be installed in historical buildings and with other renewable sources.

The facility is fuelled by geothermal steam collected from the steam pipeline that connects the Montieri 4 well, located north-west of the town of Montieri, with the Enel plant in Travale which is north-east of the town.

This action also consisted in renovation works on the town’s sewage and aqueduct systems.

Thanks to this project, the whole town, including schools, the theatre, health establishments and the town hall itselfnow has a clean and zero-emission thermal source providing home heating and production of hot domestic water all year long and at extremely low prices compared to traditional sources such as LPG and natural gas.



**Brief description of results achieved**

According to accomplishment and impact indicators of the final 2007-2013 ERDF implementation report, the project was considered as successful on the basis of established targets:

Yearly energy savings (in terms of consumption of traditional fuels) (Ktep): 1.172

Reduced green gas emissions (equivalent CO<sub>2</sub>, kiloton/year): 3.753

Number of jobs created (CI 1) (AWU): 1,00

Number of jobs created (CI 3) (AWU) women: 1,00

Reduction in energy consumption: 1.172,6

In terms of direct impact on the population and costs connected to public and private buildings, the cost of the utilities (heating and hot water) was considerably reduced and is now one third of those incurred when using fuels such as natural gas or LPG. This also means huge tax benefits for businesses that can now enjoy lower costs.

From the point of view of tourism and hotels/hospitality, the promotion of eco-sustainable energy efficiency systems provides an incentive to revamp geothermal energy and to establish it as a feature of the landscape of the region.

**Fund:** 2007-2013 ERDF ROP CREO (growth and employment) – AXIS IV Accessibility to transport and telecommunication services – Intervention line 4.1.c Improving the accessibility of modal interchange nodes to main and secondary train lines and to port and airport systems

**Title of the project:** construction of a people mover between Pisa's Galileo Galilei airport and Pisa's central train station, parking garages, interchanges and road connections.

**Cost of the intervention:** 72.649.000,00 euro

**Eligible investment:** 65.771.751,00 euro

**Allocated public contribution ERDF ROP:** 14.215.844,14 euro of which:

- EU resources: 4.448.137,73 euro
- National resources: 9.767.706,41 euro
- Regional resources: 0,00

**Type and number of parties involved:** Pisa Municipality (beneficiary) and signatories of the Programme Agreement: Tuscany Region, Pisa Province, Società Aeroporto Toscana S.p.A., Rete Ferroviaria Italiana S.p.A. E FS Sistemi Urbani S.p.a.

#### **Brief description of the project**

System's technical characteristics:

\* Frequency: every 5-8 minutes

\* Timetable: 18 hours/day(closed at night). An extension is being considered

\* Maximum operational speed: 10m/s

The people mover is one of the "large projects" supported by the 2017-2013 ERDF ROP, i.e. projects with investments exceeding 50M€ that require a specific approval procedure on part of the European Commission beyond the regular approval of the program. The people mover large project, approved with Decision EC 3778 of 18/06/2013 and Decision EC 2206 of 19 /04/2016, foresees a connection between Pisa's Galileo Galilei airport and Pisa Centrale train station with intermediate stops at a number of exchange parking garages. The total length will be 1.80 km. The intermediate stop, where the line exchange happens between the two train sets travelling in opposite directions, offers a number of links between exchange parking garages and the town centre.

The train sets move thanks to a **system of steel wire ropes** connected to the cars that make up the train set. The steel wire ropes and the cars making up the convoy, were built by Leitner, while the undercarriages of the cars were made by Leitner in cooperation with Pisa's university. On 13/4/2011 the program agreement between the Tuscany Region, the Province of Pisa, the Municipality of Pisa, Società Aeroporto Toscana S.p.A., Rete Ferroviaria Italiana S.p.A and FS Sistemi Urbani S.p.a. was signed. The objective of this project is to provide an incentive to public transport by encouraging intermodal mobility, improving accessibility to the airport, strengthening and improving links between the city, the airport and the relevant territory by building exchange parking garages and establishing connections with urban and large road networks (Florence, Pisa, Livorno).

The works started in May 2014 and were completed on 30 September 2016. After a testing phase foreseen by the sectoral rules, the system became fully operational on 18/03/2017.

**Brief description of results achieved****Accomplishment indicators:**

- Refurbished train lines (KM): 1,80 km
- Increased number of population served by improved urban transport system (CI 22) (N): 1.553

**Impact indicators:**

- Reduction of green gas emissions (CO2 equivalent, kiloton/year) (CI 30) (Kiloton CO2 equiv/year): 12,80;
- Man-days activated during construction works (N): 37.765
- Number of jobs created during construction works (AWU): 94
- Number of jobs created (women only) during construction works (AWU): 12
- Number of jobs created (CI 1) (AWU): 25
- Number of jobs created (women only) (CI 3) (AWU): 4

**Fund:** 2007-2013 ERDF ROP CReO (growth and employment) – AXIS I R&STT, Innovation and entrepreneurship – Line of intervention 1.1. sub-line C

**Title of the project:** DEKAVIL (F8-IL10): A new drug for the therapy against rheumatoid arthritis

**Eligible investment:** 2.851.806 euro

Allocated public contribution ERDF ROP: 1.998.037,1 euro of which:

- EU resources: 602.307,47 euro
- National resources: 914.326,37euro
- Regional resources: 481.403,26 euro
- Private resources: 853.768,90 euro

**Type and number of parties involved:**

**Project lead partner:** Philogen S.p.a. (lead partner): Scientific advisors Dr. Leonardo Giovannoni, Dr. Reinerio Gonzalez.

**Project partners:** University of Siena, Rheumatology Department, scientific project leader Dr. Mauro Galeazzi.

**Brief description of the project:**

The project was implemented bringing together the skills of Philogen S.p.A and the Department of Rheumatology of the University of Siena with the aim of testing an experimental drug called Dekavil in patients affected by rheumatoid arthritis.

Dekavil is a so-called “armed antibody” composed of a high affinity human antibody (F8) specific for fibronectine dominion ED-A, and anti-inflammatory cytokine interleukin -10.

The resulting “F8-IL10” molecule has immune stimulant effects only in the areas affected by the arthritis without affecting healthy tissue, thanks to the selective channelling qualities provided by the F8 antibody. This new drug was produced following good manufacturing practices (GMP) and underwent rigorous quality control checks to guarantee its suitability and non-toxicity.

On the basis of the information we have, this was the first clinical study of its kind in the world, where a so-called “armed antibody” was used to treat an inflammatory disease instead of an oncological one as usually happens with this new class of drugs.

The funded project achieved the results it had established. Drug development is currently on going separately.

**Brief description of results achieved**

According to achievement and impact indicators in the 2007-2013 ERDF final implementation report, the project was considered as successful on the basis of established targets.

**Accomplishment indicators:**

- Additional investments (CI 10) (Meuro): 1.500
- Accomplished additional investments realised in cooperation between enterprises and research centres (Meuro): 1.900

**Result indicators:**

- Number of jobs created in research during the works phase (AWU): 1,00
- Number of jobs created in research during the works phase (women only) (AWU): 1,00
- Number of jobs created in research during the management phase (CI 6) (AWU): 4.200
- Number of jobs created in research during the management phase (women only) (AWU): 3,4
- Number of jobs created in beneficiary enterprises (AWU): 3,3
- Number of jobs created in beneficiary enterprises (women only) (AWU): 2,5
- Man-days provided (N): 222
- Man-days activated in total (N): 3.800

On the basis of the information we have, this was the first clinical study of its kind in the world, where a so-called "armed antibody" was used to treat an inflammatory disease instead of an oncological one as usually happens with this new class of drugs.

The funded project achieved the results it had established. Drug development is currently on going separately.

**Fund:** 2007-2013 ESF ROP CRO (growth and employment)

**Title of the project:** Funding of networking activities and better link between advanced training and labour markets in international doctorates - "PEGASO" bursaries

**Allocated resources:**

- European: 11.920.000
- National:
- Regional:
- Private:

**Type and number of parties involved (families, enterprises, public bodies, associations)**

The beneficiaries were 221 young graduates of which 114 were women

**Brief description of the project**

The objectives of the intervention implemented by the Tuscany Region were:

- to support the competitiveness of the regional system and of employment by promoting the activities of the very best elements of the regional university system and of research, and the creation of networks. Such measures were implemented to promote internal reform and innovation processes, the internationalisation and improvement of resources;
- to attract and train young talented graduates who can make technology transfer possible and in general allow development and innovation within the framework of the regional socio-economic system;
- promote the strengthening of synergies between advanced training, research, the self employed and businesses.

**Brief description of results achieved**

It was made possible for young graduates below the age of 35 to participate in internationally renowned research doctorates, with high scientific quality and a strong application component in strategic and/or innovative sectors for regional development. Such doctorate were organised by Tuscany's universities in partnership with each other and with the involvement of research institutes and public and private enterprises. Various placement studies established that participation in these actions was particularly useful in finding a job.

**Fund:** 2007-2013 ESF ROP CRO (growth and employment)

**Title of the project:** Non curricular traineeships

**Allocated resources**

- European: 16.881996
- National:
- Regional: 8.500.000
- private:

**Type and number of parties involved (families, companies, public bodies and associations)**

The beneficiaries were enterprises and young people between the ages of 18 and 32

**Brief description of the project**

In 2011 Tuscany introduced the charter on quality traineeships. This charter was approved by the Regional Council within the framework of the Giovani project and it made it possible for companies that implemented traineeships to obtain reimbursement of the costs incurred. Companies were therefore able to obtain co-funding from the Region for the implementation of these activities. By amending regional law n. 32 of 26 July 2002 (Consolidated law of the Tuscany Region on education, orientation, vocational training and work) in 2012, Tuscany was the first region in Italy to allow a flat rate reimbursement of expenses for this type of traineeship in favour of those organising them.

This action falls within the framework of the Giovani project. Private sites hosting these types of initiatives are entitled to a 300 euro contribution (compared to the 500 foreseen by the law) if they activate non curricular traineeships for the benefit of young people between the ages of 18 and 32.

**Fund:** 2007-2013 ESF ROP CRO (growth and employment)

**Title of the project:** Projects in favour of early years child care facilities (3-36 months of age) for the reconciliation of family and working life

**Allocated resources:**

- European: 12.024.147
- National: 7.316.330
- Regional: 5.811.046

**Type and number of parties involved (families, enterprises, public bodies and associations)**

5793 beneficiary families; 110 regional municipalities were involved in managing these actions

**Brief description of the project**

These actions aimed at encouraging the reconciliation of family and working life by providing support for access to early years child care facilities enabling women to participate in the labour market and keep their jobs.

**Brief description of results achieved**

These actions made it possible for a large number of families in Tuscany to reconcile family and professional life



**Fund:** 2007-2013 ESF ROP CRO (growth and employment)

**Title of the project:** Incentives and support to employment

**Allocated resources:**

- European: 36.821.833
- National:
- Regional: 1.494.231
- Private:

**Type and number of parties involved (families, enterprises, public bodies and associations)**

These activities were organised by Tuscan enterprises. Beneficiaries were women, young, disadvantaged, disabled people and long-term unemployed persons

These actions involved 7.254 people, of which 3.739 were women

**Brief description of the project**

The action was carried out to encourage the meeting of work demand and supply and to support participation in the labour market especially of most vulnerable categories: young people, women, long-term unemployed persons, disadvantaged people and workers with atypical contracts. Improving access to the labour market for vulnerable categories mostly affected by the crisis and at risk of becoming long-term unemployed, was considered very important by the Tuscany Region ever since the beginning of the crisis (employment incentives).

The plan was devised to reduce imbalances in the employment system, given that the decrease in available jobs normally affects less competitive social categories. Furthermore, the skill profiles required by the labour market and a strong push towards job insecurity, made it necessary to implement support mechanisms for workers who had temporary contracts with a view to progressively reducing job insecurity.

**Brief description of results achieved**

The workers who benefitted from these incentives were 7.254, of which 3.739 were women

**Fund:** 2007-2013 ESF ROP CRO (growth and employment)

**Title of the project:** Global Grant

**Allocated resources:**

- European: 7.501.329
- National:
- Regional:
- Private:

**Type and number of parties involved (families, enterprises, public bodies and associations)**

1.965 people were involved of which 1.081 women

**Brief description of the project**

During the 2007-2013 programming period, the Tuscany Region identified an intermediate body for the global grant that would work to encourage participation in the labour market and social inclusion for disadvantaged subjects. Funded projects always aimed at providing tangible support to single beneficiaries by offering vocational training and individual accompanying measures. The objective was to encourage these subjects to set up their own business or to work in a body belonging to the so called third sector. For these types of calls the list of eligible beneficiaries was extremely wide, allowing a case-by-case analysis of cases situations of disadvantage.

This project action involved actions on the following needs:

- Setting up a new business,
- Setting up a new activity within one's business,
- Supported employment programs, support and consolidation of third-sector organisations promoting other actions.

**Brief description of results achieved**

1.965 beneficiaries participated in the program, of which 1.081 were women. A number of new businesses were set up for disadvantaged people.