



A PARTICIPATORY METHODOLOGY FOR ASSESSING THE ADDED VALUE OF RESOURCES FOR SUSTAINABLE, COMPETITIVE, AND INCLUSIVE DEVELOPMENT (Update), 2026

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Abstract

This paper presents RESCO 25 (Adding Value to REsources for COmpetitive Sustainability), a participatory methodology designed by ILS LEDA to assess and enhance the contribution of local socio-economic, cultural, natural, and institutional resources to sustainable and competitive development, and updates the 2020 version.. Developed over two decades of field application in 17 countries under international cooperation frameworks, RESCO 25 provides a structured approach for evaluating resource endowments at territorial, sectoral, and value-chain levels. The methodology combines qualitative and quantitative assessment through multi-stakeholder focus groups, integrates a comprehensive sustainability perspective aligned with SDGs 1, 5, 8, 10, 11, 12 and 13, and applies a modular diagnostic framework based on components, variables, and indicators. Its distinct added value lies in its territorial orientation, participatory governance model, and capacity to generate locally owned strategic actions. RESCO 25 operationalizes its approach through three main phases—territorial/resource identification, diagnostic assessment, and strategic planning—supported by rapid assessment tools and context-adaptation mechanisms. The result is a prioritized, actionable strategy that strengthens endogenous development potential, improves resource valorisation, and supports inclusive, circular, and climate-resilient economic systems.

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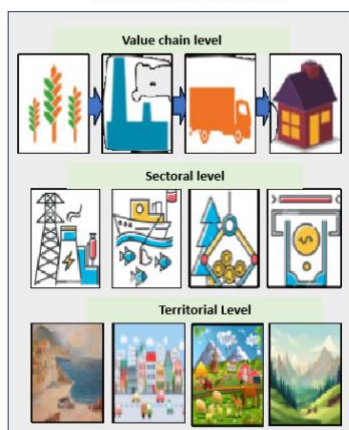
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1. Background

1.1 Introduction

This document illustrates a methodology called RESCO 25: “Adding Value to REsources for COmpetitive Sustainability”, a tool that ILS LEDA has tested in 17 countries over the past 20 years, primarily within the framework of international cooperation projects (United Nations, European Union, Italian Cooperation).

RESCO APPLICATION LEVELS



The methodology aims to assess the added value of resources (socio-economic, cultural, natural, and institutional) for the competitiveness and sustainability of economic investments at different levels:

- At the territorial level (municipality, region, province, district, or any decentralized level).
- At the sectoral level (agriculture, livestock, industry, services, tourism, etc.).
- At the value chain level, the conceptual framework is the same, only the methods of analysis and evaluation change.

“RESCO 25” can contribute to achieving the following strategic goals:

- Improve local/territorial development.
- Empower territorial value chains.
- Promote the circular economy.
- Promote environmental sustainability.
- Reduce poverty
- Increase the influence of civil society on local development.
- Address environmental and social crises.
- Reduce the gender gap.
- Reduce migration.
- Facilitate social inclusion.

1.2 The ILS LEDA experience

ILS LEDA is a non-profit organization with more than 30 years of international experience supporting local stakeholders in designing and managing sustainable territorial economic development strategies. Through its work in numerous countries, and in cooperation with institutions such as the United Nations and the European Union, ILS LEDA has developed a consolidated expertise in participatory, resource-based development approaches.

Within this framework, ILS LEDA conceptualized and gradually refined the RESCO methodology over the past two decades. The method emerged from field practice, responding to the need for a structured, participatory tool capable of assessing territorial resources and guiding sustainable, competitive investment strategies. It has since

been applied in 17 countries, across 7 types of administrative levels, and in 24 territorial areas, as illustrated in Boxes 1 and 2.

Box 1: Territorial of RESCO application

- District (Kazakhstan, Uzbekistan, India)
- Region (Morocco, Albania, Lebanon, Russia)
- Department (El Salvador, Colombia, Honduras)
- Governorship (Tunisia)
- Province (Nicaragua, Cambodia, Chile)
- Multi-municipality area (Lebanon, Gaza, Chile)
- Sub-metropolitan area (Mali, Lebanon)

Box 2: Areas of RESCO application

- Albania: 2 Regions, Vloa and Shodra
- Western Region of Morocco
- Russia: 2 Regions, Karelia, Transbakaal
- Lebanon: 3 Regions, Bekaa, Southern and Northern Regions, and Southern Beirut Municipalities
- Colombia: (Department of Nariño)
- Nicaragua (Department of León)
- Kazakhstan (Ennbek-Kazhan District)
- Uzbekistan (District)
- India (Osmanabad District)
- El Salvador (2 departments of Morazán and La Unión)
- Tunisia (2 governorates of Kébili and Sidi Bousid)
- Gaza (multi-municipal)
- Mali (Bamako, 4th District)
- Honduras (Valle Department)
- Chile (3 areas of the Ñuble, Biobío, and La Araucanía Regions)
- Cambodia (Ratanakiri Province)

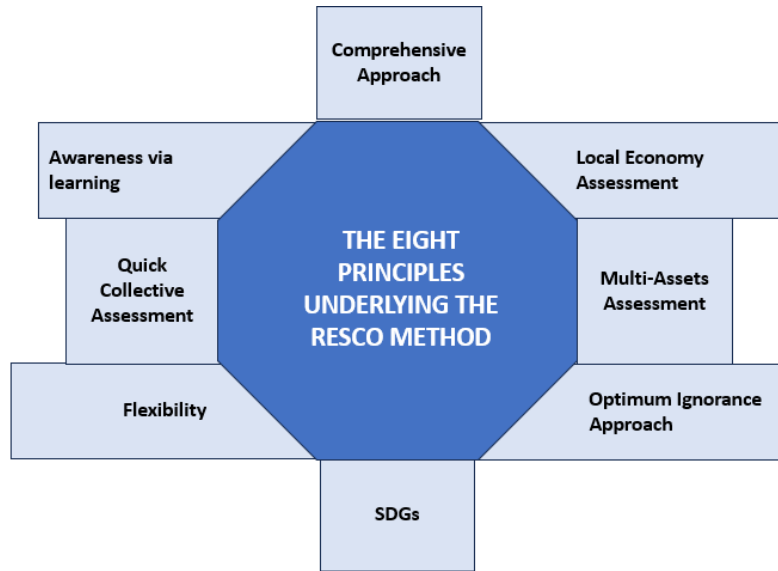
The development of RESCO 25 is thus not merely a technical exercise, but the culmination of decades of institutional learning and field practice in participatory territorial development led by ILS LEDA.

2. RESCO main principles, added value, and methodology

2.1 General Aspects

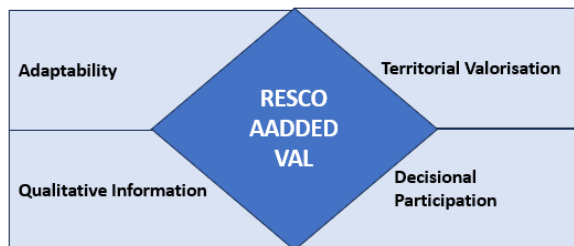
The following principles form the conceptual and operational backbone of RESCO 25 methodology, guiding its application in different territorial, sectoral, and value-chain contexts.

1. It assesses the economy of a territory, sector, or value chain.
2. It adopts a comprehensive development approach, integrating economic, social, and environmental components.
3. It is participatory and based on focus groups of actors involved in the value chains.
4. It is based on an assessment framework, composed of specific components, variables, and indicators.
5. It uses the optimal ignorance approach.
6. It uses the Rapid Collective Assessment (RCA) method to facilitate fast, informed decisions and prioritization.
7. It is flexible and adaptable to different contexts and needs.
8. It allows local actors to: identify and valorise their resources, build ownership, test collective actions, strengthen participatory governance, and prepare for institutionalization.
9. It addresses the following United Nations Sustainable Development Goals:
 - SDG1 – No poverty.
 - SDG5 – Gender equality.
 - SDG8 – Decent work and economic growth.
 - SDG10 – Reduction of inequalities
 - SDG11 – Sustainable cities and communities
 - SDG12 – Responsible production and consumption
 - SDG13 – Climate action



2.2 Specific added values

In comparison with other assessment and planning tools, RESCO 25 provides the following distinctive added values:



actors and institutions.

- A **territorial approach**, which prioritizes the valorisation of local economic, social, cultural, natural, and environmental resources, rather than relying primarily on external investment attraction.
- A **multi-stakeholder participatory process**, designed to progressively transfer ownership to local actors and institutions.
- A strong focus on **qualitative knowledge generated by local stakeholders**, gathered through facilitated focus groups, complemented—but not driven—by official statistical data.

- A high level of **contextual adaptability**, achieved through preliminary alignment sessions with local stakeholders to tailor the methodology to the specific territorial reality.

2.3 The Participatory Approach

The participatory approach is a central pillar of the RESCO 25 methodology. Current socio-economic theories and international frameworks (including the United Nations, the OECD, and the European Union's *Territorial Approach to Local Development – TALD*) emphasize the need for multi-actor participation in decision-making processes. Such participation ensures that diverse perspectives are incorporated, strengthens ownership, and reduces the risk of social resistance.

RESCO adopts this principle by applying specific tools and methods that facilitate structured, collective reflection and decision-making. In particular, local actors play an active role in identifying and assessing the resources that most influence territorial development, through interviews and facilitated group work.

The ILS LEDA participatory model is based on the following principles:

- ★ **Inclusiveness:** Focus groups bring together representatives from productive sectors, service sectors, civil society, and local government.
- ★ **Active responsibility:** these actors are responsible for evaluating and prioritizing resources, benefits, needs, and opportunities through structured meetings.
- ★ **Shared decision-making:** Participation is not limited to consultation or symbolic endorsement. Focus groups are not advisory bodies nor referendum-style mechanisms. They are decision-making spaces whose conclusions are internally discussed and integrated into the territorial process.

3. RESCO methodology in action

3.1 RESCO phases

The RESCO 25 methodology is articulated in the following core operational phases:



PHASE 1 – Territory and Resources Identification: Selection of the territory (region, department, metropolitan area, etc.), and mapping the main socio-economic, cultural, natural, and institutional resources of the territory.



PHASE 2 – Diagnostic Assessment: Analysing, defining, and prioritizing the opportunities, needs, and obstacles that influence territorial economic development.



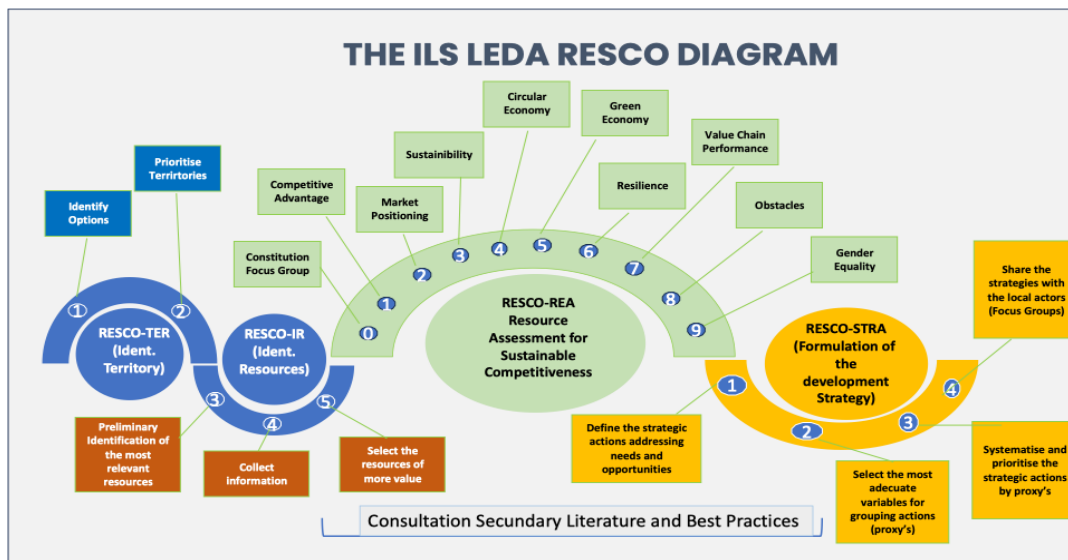
PHASE 3 – Strategic Planning: Designing and prioritizing strategic actions to leverage opportunities, respond to needs, and remove identified obstacles.

The following figure summarizes the different phases, according to the standard implementation mode, which includes all phases.

However, depending on the client's needs or project context, three implementation modalities may be applied:

- “BASE” MODEL: includes phases ii) and iii)

- “FROM START” MODEL: includes phases i), ii), and iii)
- “STANDARD” MODEL: includes all four phases



3.2 The key actors in RESCO

The key actors involved in the RESCO 25 methodology are:

- The applicant
- The focus Group
- The Technical Assistant (ILS LEDA)
- Local experts

Their respective roles are presented in Table 1.

TABLE 1: ROLES OF THE KEY ACTORS IN THE RESCO PHASES

KEY ACTORS	OPERATIONAL PHASES		
	Introduction	Diagnosis	Strategy
Applicant	Formulates the terms of reference for the application. Provides funding for the intervention.		
Focus Group (FG)	Identifies the territory and its main resources	Defines and prioritizes opportunities and obstacles through a smart questionnaire	Reviews the strategies proposed by the AST and prioritizes the strategic actions. Ratifies the final document.
Asistant (AST)	Assists local actors in identifying resources and territories	Facilitates and coordinates the FG in compiling the questionnaire	Draft the proposed development strategy to be submitted to the FG
Local Experts		Support, if requested, the AST	

The Applicant

The Applicant/Client can be:

- One or more public administrations

- One or more universities
- One or more sectoral associations
- One or more NGOs
- A group applying for national or international funding

The focus group

The conceptual basis of RESCO participatory philosophy is the FOCUS GROUP (FG).

It is the core decision-making body of each phase of the methodology. It consists of representatives of the most relevant local actors for the scope of intervention. Its functions are detailed in Table 1.

In the case of a Territory

The following are the essential actors: (i) At least one relevant public administration corresponding to the decentralised level of the intervention (for example, for a District: the district administration, and, potentially, other higher administrations); (ii) Industry, commerce, agriculture, tourism, business economic development consulting; (iii) Universities.

Other relevant actors include: (iv) National government offices or services; (v) Labour unions; (vi) Vocational training institutes; (vii) Banks; (viii) Social NGOs; (viii) Women's organisations; (ix) Environmental NGOs; (x) Research and innovation centres; (xi) Development agencies

In the case of a Sector

The following are the essential actors: (i) At least one relevant public administration corresponding to the decentralised level of the intervention (for example, for a District: the district administration, and, potentially, other higher administrations); (ii) General sectoral associations (e.g.: farmers' associations) and key value-chain association (livestock, fishing, fruit and vegetable associations, etc.), business economic development consultancies; (iii) Universities.

Other relevant actors are: (iv) Central government offices or services; (v) Workers' associations in the sector; (vi) Vocational training institutes relevant to the sector; (vii) Banks; (viii) Social NGOs; (ix) Women's organisations; (x) Environmental NGOs; (xi) Research and innovation centres; (xii) Development agencies

In the case of a Value Chain

The following are the essential actors: (i) At least one relevant public administration corresponding to the decentralised level of the intervention (for example, for a District: the district administration, and, potentially, other higher administrations); (ii) General sectoral associations and key players in the value chain (e.g., farmers' associations) and those involved in the selected value chains, business economic development consultancies; (iii) Universities.

Other important players include: (iv) Central government offices or services; (v) Workers' associations relevant to the value chain; (vi) Vocational training institutes relevant to the sector; (vii) Banks; (viii) Social NGOs; (ix) Women's organisations; (x) Environmental NGOs; (xi) Research and innovation centres; (xii) Development agencies

Stakeholder Engagement Methods

One of the initial challenges in implementing RESCO 25 is the effective involvement of stakeholders in the Focus Group.

Stakeholder participation is critical to the proper functioning of the Focus Group.

Below are some recommendations for this process.

For the initial contact with local stakeholders, two possibilities may occur:

- 1) The applicant has sufficient relationships and respect with the other stakeholders.
- 2) The applicant lacks this capacity.

In the first case:

- (i) The applicant prepares an initial list of stakeholders and organizes introductory meetings.
- (ii) ILS LEDA conducts interviews and evaluates the suitability for FG participation.
- (iii) The FG composition is formally agreed.

In the second case:

- (i) A public launch conference, open to all, is organized by the requesting group.
- (ii) The intervention programme is presented, and the participants' interest in joining the FG is gathered.
- (iii) Meetings are held, and the process continues as from point ii).

3.3 RESCO implementation

Based on the operational articulation of RESCO (see Section 3.1), the following illustrates how the methodology is implemented in practice.



3.3.1 Territory and resource identification

A] Territory identification

In some cases, a preliminary step is required when the target territory has not yet been clearly defined. This may occur due to political uncertainty, shifting institutional commitments, limited information, or initial misalignment.

In these cases, ILS LEDA conducts a rapid territorial assessment (called RESCO-Ter), consisting of the following steps:

Step 1: Identification of different preliminary territorial options

Step 2: Prioritization, according to the evaluation of pre-selected indicators

The identification of the territorial option follows the general principle of "meso-economics": the optimal territorial dimension is somewhere between a small or micro area, such as a small commune or community, and a large macro area, such as a country or a large region.

This is because effective territorial development requires the balance of two essential factors: participation and the critical mass of resources.

It is obvious that these factors influence the two dimensions in opposite ways: smaller territories usually offer stronger participation but weaker critical mass, while large territories offer stronger critical mass but weaker participation (see figure).

According to this general principle, a preliminary identification is provided between different options.

How?

This depends on several variables, including:

A) **Number of residents**, which influences the critical mass. Experience shows that this, in turn, depends on two other sub-variables: population *density* and the *distance* between towns.

Regarding *density*, a distinction must be made between rural areas, where the density ranges from 300 to 500 inhabitants/km² for a population of 500,000 to 800,000; and large cities (excluding metropolitan areas), where the density ranges from 400 to 1,000 inhabitants/km² for the same number of residents.

As for the *distance* between towns, this depends on the time it takes for a resident of a remote areas to reach the decision-making centre. This time must be limited to a maximum of 2 hours (to allow for a comfortable round trip in a single day).

The *critical mass of resources* for sustainable development corresponds to what is theoretically called the Endogenous Potential of Exploitable Resources (EPER) of an area, and it refers to the contribution of internal resources to the area (human, natural, productive, cultural), which enables *less dependence* on external investments.

To determine if an EPER exists, it is necessary to evaluate the following conditions and verify that at least the first one plus two others are present:

- A resource that does not pollute
- A resource that is very typical or unique to the territory
- A resource that contributes significantly to the territory's Gross Domestic Product (GDP)
- A resource that generates significant employment
- A resource that produces a strong value chain (creates added value)
- A resource that corresponds to national priorities

Step 2 – Selection of priority resources

The selection is carried out by evaluating relevant quantitative and/or qualitative indicators for each intervention case (territory, sector, or value chain).

The aforementioned information may be obtained through: local partners (when available), or relevant local actors, such as local administrators, associations or guilds, relevant development sectors (producers, workers, etc.), academics or researchers (see paragraph 3.2: The Focus Group), or by consulting secondary literature or official statistics

In the case of a territory:

First step: The Focus Group proposes several territories, from which one or more are selected as the target(s) for the action.

Second step: Each option is assessed against the optimal territorial dimension criteria.

Third step: The best-positioned territory(ies) are selected.

In the case of a sector:

First step: If not already identified, potential sectors with the strongest critical mass are shortlisted.

Second step: The Focus Group selects priority sub-sectors (see Table 2).

Third step: The focus group evaluates the endogenous potential of the most relevant sub-sectors and their critical mass, based on the indicators presented above.

TABLE 2		
1	AGRICULTURAL SECTOR	
	Sub-Sectors	Value Chain
1.1	Cultivation of non-perennial crops	Cereals, legumes and oilseeds, vegetables and melons, roots and tubers, sugar cane, coffee, tea, tobacco, textile plants
1.2	Cultivation of perennial crops	Grapes, tropical and subtropical fruits, citrus fruits, pome and stone fruits, berries and nuts, oilseeds, plants for the production of beverages, spices, aromatic and pharmaceutical plants
1.3	Animal breeding	Dairy cattle, other bovines and buffalo, horses and other equines, camels, sheep and goats, pigs, poultry, other animals
1.4	Forestry	Extraction of non-timber forest products, Extraction of timber, other
1.5	Fishing	Marine fishing, Freshwater fishing, Marine aquaculture, Freshwater aquaculture
1.6	Mining and quarrying	Coal and lignite mining, Crude oil and natural gas extraction, Metallic mineral extraction, Non-ferrous metallic mineral extraction, Stone, sand and clay extraction, Extraction of minerals and quarry products
2	INDUSTRY/CRAFT SECTOR	
	Sub-Sectors	Value Chains
2.1	Textiles	Textiles, clothing, leather and related products
2.2	Paper	Paper and printing
2.3	Chemistry	Chemicals, plastics, rubber, pharmaceuticals
2.4	Metallurgies	Oil refining, non-metallic minerals, metallurgy
2.5	Mechanics	Mechanics and mechatronics, metallurgy, machinery and equipment, motor vehicles and trailers
2.6	Electronics	Computer science, electronics and optics, electrical equipment
2.7	Others	Wood, furniture, construction, other
3	TERTIARY SECTOR	
	Sub-Sectors	Value Chains
3.1	Commerce	Wholesale, retail, repair/maintenance, etc.
3.2	Mobility	Transportation, Postal Services
3.3	Tourism and related services	Accommodation and catering, Miscellaneous tourist services
3.4	ICT	Information and communications services, Telecommunications, Production of film, video and television programs, Music and sound recording
3.5	Advanced Services	Business consulting, Information technology and related activities, Financial and insurance activities, Professional, scientific and technical activities
3.6	Crafts	Artistic and entertainment activities
3.7	Social Services	Health services; Educational services; Environmental services

In the case of value chains

First step: The focus group identifies the value chains for the selected sub-sector(s), based on Table 2.

Second step: The focus group evaluates the endogenous potential of each value chain and its critical mass, according to the indicators illustrated above.

Third step: The focus group selects the activities with the best positioning.



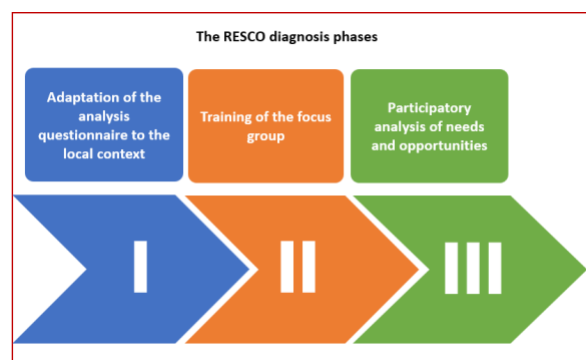
3.3.2 Diagnosis

The diagnosis is structured in 3 phases:

Phase 1: Adaptation of the analysis questionnaire to the socio-economic and cultural context

Phase 2: Training of the Focus Group

Phase 3: Participatory assessment of needs, opportunities, and obstacles



Phase 1: Adaptation of the analysis questionnaire to the socio-economic and cultural context

The evaluation is carried out through a questionnaire submitted to the Focus Group during phase 3, which includes 9 components, approximately 60-80 variables, and 150-250 qualitative and quantitative indicators. The main areas of analysis are: competitive advantages, market prospects, characteristics (technological level, organization, level of specialization, diversification/differentiation), and economic relationships (input-production-market, service system) for the corresponding level of intervention (territorial, sectoral, value chain), sustainability (economic, institutional, social, financial, environmental), green economy (including climate resilience and circular economy), and gender equality.

Different models of the questionnaire exist for territories, sectors, and value chains. ILS LEDA provides the base templates, but these must be contextualized to the local social, economic, cultural, and political environment. This customization is conducted through one or more meetings with local stakeholders.

Phase 2: Focus Group Training

Because the Focus Group is the central actor of the diagnostic process, specific training is required.

The training normally covers:

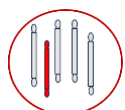
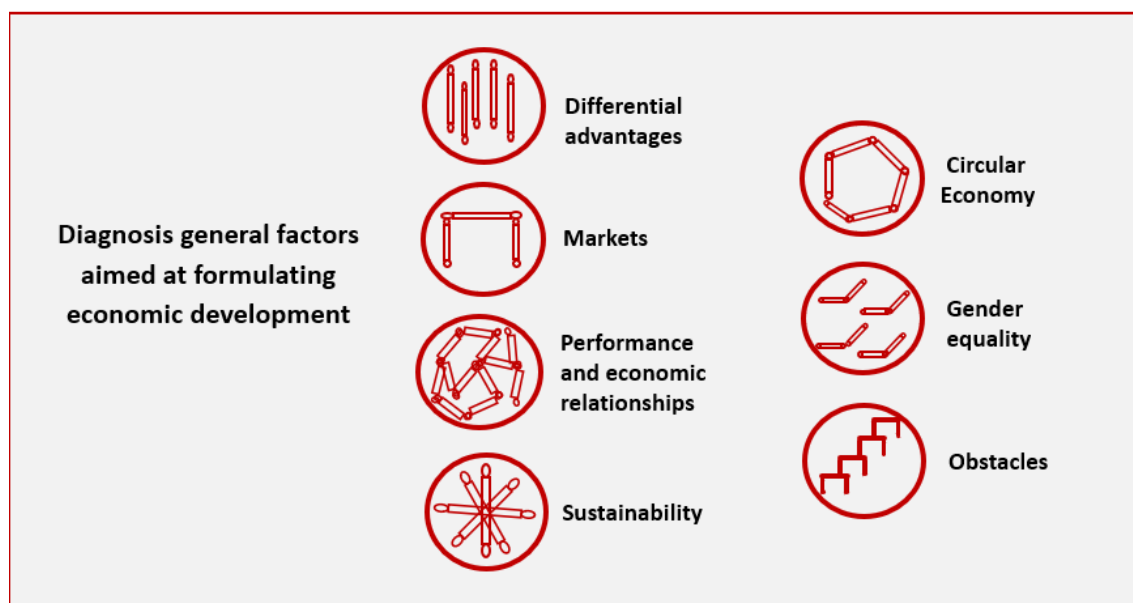
- Fundamentals of local economy and value chains
- Detailed discussion on each element of the questionnaire
- Simulation of an application scenario

Workshops typically last two days in presence, or five online sessions.

Phase 3: Participatory analysis of needs, opportunities, and obstacles

During this phase, the Focus Group individually and/or collectively evaluates needs, opportunities, and constraints, based on information gathered through the questionnaire and shared knowledge of the territory, sector, or value chain.

The following picture summarises the core elements of the exercise, which will be detailed below.



Differential advantage (DA)

In all cases, the most recurring DAs are the following:

- ★ Typicality of the environment in terms of different factors, such as climate, the nature of resources (forests, coast and marine characteristics, valleys, mountains, et
- ★ Typicality of a social nature, such as the character of the population, the cooperative spirit, associationism, sense of belonging, entrepreneurial spirit, etc
- ★ Geographical typicality, related to its border location with other countries, its position as a passage for strategic international routes, etc.
- ★ Typicality of an institutional nature, such as the presence of concrete support from governments at various levels for the local or sectoral economy or the value chain.

In the case of the intervention at a defined territory, the most recurring DAs are the following:

- ★ Typicality of a sectoral nature, articulated by each economic sector: agriculture, coastal-marine, crafts, industry, services, tourism, and advanced tertiary sector. It is necessary to select those sectors that are prioritized based on criteria shared among the local actors involved in the process. For guidance on the sectors, see Table 2.

At the sectoral level, the most recurring DAs are the following:

- ★ **Agriculture and coastal-marine sectors:** nutritional value, food safety, traditional practices and knowledge, ecological value, infrastructures, commercial capacity, tourism integration, etc.
- ★ **Artisanal and industrial sectors:** innovative supply, adaptability, innovation capacity, production organization, technology use, ecological value, commercial capacity, infrastructure, R&D and training practices, etc.

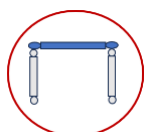
- ★ **Commercial sector:** territorial organization, wholesale/retail structure, firm size distribution, technological adoption (e-commerce, data tools), marketing innovation (territorial branding, origin designations), customer orientation, etc.
- ★ **Tourism:** uniqueness of natural, cultural, gastronomic assets; service provision (mobility, information, guides, emergency health services); events and festivals; tourist infrastructure; availability of crafts and local products.
- ★ **Advanced tertiary sector:** education, health, research, business services, ICT, environment, etc., including the uniqueness of supply, human resource competence, specialization history, digitalization level, customer service, etc.

In the case of the value chain, the most recurring DAs are the following:

Depending on the sector in which the value chain is positioned (e.g., fruit and dairy/meat chains within agriculture, carpet weaving within textiles, border trade within commerce, IT services within the advanced tertiary sector, wine and gastronomy within tourism), the differential advantages of the chain result from a combination of the advantages identified at the territorial level and at the sectoral level, enriched by the specific characteristics unique to that particular value chain.

For example, in the case of the beekeeping value chain in territory “Z”:

- ★ Sectoral advantages (Local knowledge and experience, capacity to adapt to adverse weather conditions, etc.)
- ★ Environmental advantages (Biodiversity conservation and protection of natural resources)
- ★ Social advantages (Association and cooperation)
- ★ Institutional advantages (Support from public institutions, through dialogue and collaboration among different stakeholders)



Markets

In all cases:

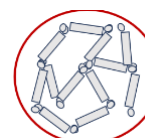
The positioning of economic activities within the local, national, and international markets is assessed. Two dimensions are considered:

- i) Current positioning
- ii) Target/desired positioning

In the territorial case, the positioning of the main sectors will be evaluated.

In the sectoral case, the positioning of the key subsectors or value chains will be evaluated using shared criteria.

In the case of the value chain, the positioning of the value chain as a whole is assessed.



Performance and economic relationships

In all cases, the following core variables are examined:

- Techniques and technologies, and access to them
- Technical knowledge

- Access to basic inputs

In the case of the agricultural sector, the following variables are added to the basic ones:

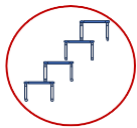
- Production characteristics (intensive/extensive/organic approaches, use of fertilizers and pesticides, plot size and configuration, sales volumes, etc.)
- Management and work organization, land tenure and use, type of livestock farming, etc.

In the case of the industrial sector, the following variables are added to the basic ones:

- Production characteristics (Production organization, commercial capacity, investments in research and development, sales volume, etc.)
- Managerial and organizational practices, customer service, marketing strategies, etc.

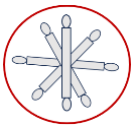
In the case of the service sector, the following variables should be added to the basic ones:

- Service characteristics (unit volumes, specific skills, use of innovative marketing approaches)
- Sales organization and customer orientation, etc.



Obstacles

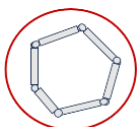
Obstacles are grouped into the following categories: (i) Infrastructure; (ii) Information; (iii) Business Services; (iv) Commercial and Marketing Services; (v) Gender Equality; (vi) Access to Knowledge; (vii) Access to Technology; (viii) Social Inclusion; (ix) Legal Framework



Environmental and social sustainability

Environmental sustainability is assessed through: (i) Public regulations; (ii) Level of pollution; (iii) Level of public awareness; (iv) Green economy practices; (vi) Access to environmental resources.

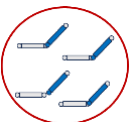
Social sustainability is assessed through: (i) The capacity to generate employment; (ii) The ability to attract capital from corporate social responsibility



Elements of regenerative and circular economy

Variables include:

- Waste management and disposal
- Strategic services for the EC
- Public policy



Gender equality

The main variables considered are:

- Capacity to generate employment for women
- Role of women in the value chain
- Access to assets for women
- Public policies

About prioritization

Whether an indicator is quantitative or qualitative, it is assessed according to the **quality of the response** to each variable, that is:

Level 1: Good response, it corresponds to low priority in addressing development strategic actions

Level 2: Insufficient response, it corresponds to medium priority in addressing development strategic actions

Level 3: Bad response, it corresponds to high priority in addressing development strategic actions



3.3.3 Strategy Formulation

The strategy formulation phase consists in designing a set of actions that (i) enhance and sustain the strengths of local resources over the long term, and (ii) remove the key weaknesses and obstacles that prevent their development in the desired markets.

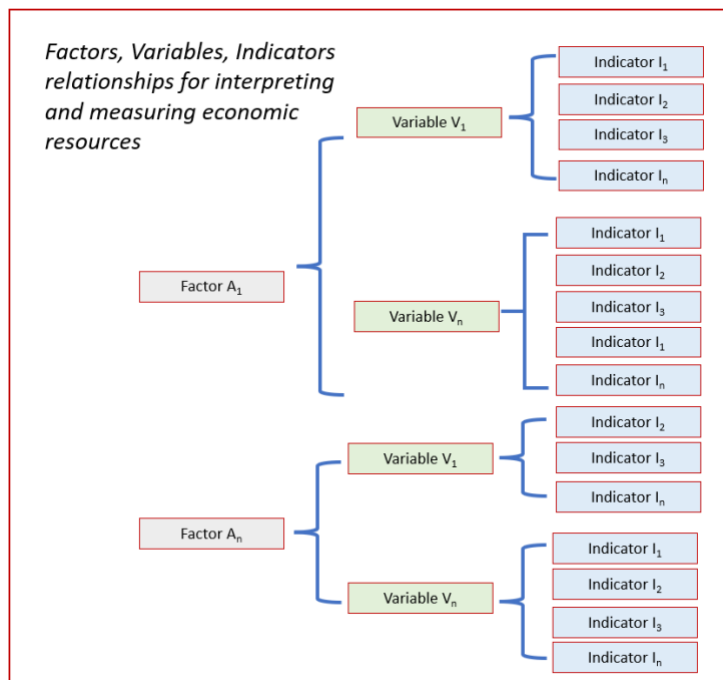
It uses the inputs derived by the aforementioned assessments, supported by consultation of secondary literature and, when necessary, consulting experts. The logic of the strategy formulation follows the sequence below.

[A] Identification of resource development needs and opportunities

Needs and opportunities are identified by quantitatively and qualitatively assessing a set of **indicators (i)** linked to a set of **variables (v)**, which are, for interpretative clarity, grouped under **nine components** or "f" factors.

In simple terms, as summarized by the following picture,:

- each component f is interpreted through a number of variables v ,
- each variable v is assessed through one or more indicators i .



[B] Prioritization of needs and opportunities

The analysis also provides a *priority level* for each indicator.

For example, for the "access to credit" indicator related to the "access to finance" variable, the Focus Group's response can be "easy," "not very difficult," or "difficult." In the first case, it is therefore not necessary to intervene with adjustment measures; in the third, it is absolutely necessary (this will be defined as Priority 1); in the second, an adjustment is needed (Priority 2).

This prioritization will guide the urgency assigned to strategic actions later on.

[C] Identification of the strategic actions necessary to respond to the needs or enhance the opportunities of the value chain

At the end of the analysis, a list of needs and opportunities (with corresponding priorities) is produced. These constitute the basis for defining the strategic actions.

To identify the strategic actions and respond to the assessed needs and opportunities, a specific algorithm is used:

$$\text{SANO}_{i(1,N);pr(1,3)} = f(\text{CK}/\text{P}_{j(1,M)})$$

It means the Strategic Action for responding to the Need or Opportunity "i" (SANO)_i, as identified as priority 1, 2, or 3 (pr1,3), depends on the ILSLEDA cumulative knowledge (CK), and it refers to "m" parts related to the identified proxy (P_j).

It is important to note that each need or opportunity typically requires **several types of actions**.

For example, facilitate the access to bank credit may require:

- ★ Government lobbying (tax measures, interest rate policy, development of fair and equitable banks, etc.)
- ★ Establish local agreements between banks and business associations to facilitate such access
- ★ Develop credit cooperatives
- ★ Build a guarantee fund with an agreement among producers
- ★ Build a fair and equitable credit mechanism
- ★ Train producers to formulate "bankable" business development plans
- ★ Facilitate access to support services for access to credit, especially with regard to cost and quality.

For the sake of clarity, it should be noted that the Access to Finance variable includes various indicators such as:

- i. Access to credit
- ii. Access to national and international programmes
- iii. Resources to self-financing
- iv. Crowdfunding

[D] Identification of "proxy" variables

If each priority indicator generated its own strategic action, results would often include 150–240 actions—an unmanageable list.

In order to avoid this, the ILS LEDA method introduces the use of “proxy variables” as macro-strategic areas, including various strategic actions in some way connected each other. The RESCO “proxy” variables are not pre-selected, but they will be chosen on the base of a systematic interpretation of the diagnostic findings.

In selecting proxy variables, two criteria apply:

- (i) Choose a proxy variable that refers to some strategic macro-field capable of integrating, or more precisely, supporting multiple strategic actions. Each grouping thus configured would, in fact, require specific professional resources for the implementation of the corresponding strategic actions.
- (ii) Refer to the ILSLEDA's experience, that suggest proxy variables, such as: Governance, Training, Services, Innovation, Productivity/Competitiveness, and Environmental Sustainability.

[E] Grouping strategic actions by proxy variable

Once the strategic actions have been grouped by proxy variable, a "simplification" process is performed according to two criteria:

- (i) “Elimination” of duplicate strategic actions
- (ii) "Clustering" similar or complementary strategic actions

Experience shows this reduces the total number of actions by **20–30%**, and around **60–70%** of the remaining actions belong to the highest-priority group.

For example, still considering access to bank credit, strategic actions could be:

- (a) lobbying the government to facilitate such access (tax measures, interest rate policy, development of fair and equitable banks, etc.) – REFERS TO THE "GOVERNANCE" PROXY
- (b) establishing local agreements between banks and business associations to facilitate such access – REFERS TO THE "GOVERNANCE" PROXY
- (c) developing credit cooperatives – REFERS TO THE "SERVICES" PROXY
- (d) establishing a guarantee fund with an agreement among producers – REFERS TO THE "GOVERNANCE" PROXY
- (e) establishing a fair and equitable credit mechanism – REFERS TO THE "GOVERNANCE" PROXY
- (f) training producers to formulate "bankable" business development plans – REFERS TO THE "TRAINING" PROXY
- (g) facilitating access to credit support services, especially with regard to cost and quality. IT REFERS TO PROXY SERVICES

[F] Definition of Operational Priorities

Priorities are defined based on the objectives of the project for which the RESCO was created.

The needs and opportunities for sustainable and competitive resource development are independent of the specific objectives of a project or intervention within which the RESCO is applied, the results of which remain valid in their entirety and for a medium- and long-term vision.

However, actions become *strategic* only when there is:

- A. a clearly responsible actor/lead institution
- B. financial and human resources for implementation

Depending on the context, three scenarios may arise:

SCENARIO 1): The RESCO was implemented as part of a development project with its own objectives.

SCENARIO 2): The public planning body agrees to reference RESCO results in its planning.

SCENARIO 3): At the local level, a responsible entity develops an action plan, taking into account the available short-term (already available), medium-term (to be negotiated), and long-term (to be developed) funding sources.

In the first case, the second prioritization is constructed by considering the first-priority actions of the reference project and verifying which of them fall within the scope of the specific objectives.

In this case, the new prioritization scale will be:

- ★ Priority 1: actions from the original priority 1 that can be funded by the project
- ★ Priority 2: actions from the original priority 1 that cannot be funded by the project
- ★ Priority 3: actions from the original priority 2

In the second case, the indications of the development plan developed by the public body are considered.

In this case, the new prioritization will be:

- ★ Priority 1: actions from the original priority 1 that are also included in the aforementioned development plan
- ★ Priority 2: actions from the original priority 1 that are not included in the aforementioned development plan
- ★ Priority 3: actions from the original priority 2

In the third case, the implementing body should proceed to a further step, which would lead to the following operational priorities:

- ★ Priority 1: Actions that are part of public development plans at various levels (local, intermediate, national)
- ★ Priority 2: Actions that require non-excessive investment (according to thresholds to be defined locally) and for which minimal effort/project action plan is necessary (see attached diagram) and a specific fundraising action
- ★ Priority 3: Actions requiring medium-large investments and a real project financing action.

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