The EU’s rural development policy and the Italian experience

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Outline of the presentation

1. The EU’s rural development policy 2007-2013

2. Rural development measures

3. Focus on the Italian experience: a strategic, integrated and flexible approach improving the quality of life in rural areas/diversification and Leader
Predominantly rural regions in the EU represent 57% of the territory and 24% of the population. They generate 17% of the total GVA and 22% of the employment.
Source: Eurostat, Farm Structure Survey
**Historical development of the CAP**

<table>
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<th>Period</th>
<th>Focus Areas</th>
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<tr>
<td>The Early Years</td>
<td>Food security, Improving productivity, Market-stabilisation, Income support</td>
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<tr>
<td>The Crisis Years</td>
<td>Over production, Exploding expenditure, International friction, Structural measures</td>
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<td>The 1992 Reform</td>
<td>Reduced surpluses, Environment, Income stabilisation, Budget stabilisation</td>
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<td>Agenda 2000</td>
<td>Deepening the reform process, Competitiveness, Rural development</td>
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<td>CAP reform 2003</td>
<td>Market orientation, Consumer concerns, Rural development, Environment, Simplification, WTO compatibility, Financial discipline and ceiling</td>
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<td>CAP Health Check 2008</td>
<td>Reinforcing 2003 Reform, New challenges, Risk management</td>
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The path of CAP expenditure 1980-2020 (in current prices)

Source: DG Agriculture and Rural Development

Notes:
2011 = Budget; 2012 = Draft Budget;
2013 = EAGF subceiling for direct payments and market-related expenditure + pillar 2 in commitments.
Rural development for 2013 includes UK voluntary modulation and Article 136 "unspent amounts". As these cease to exist end 2013, the corresponding amounts are put back to direct aids as from 2014.
The European model of agricultural policy after 2003

Common Agricultural Policy (CAP)

1st Pillar:
- Market organisations (sugar, wine, olive oil etc.)
- Direct payments (“decoupled” from production)
- Cross Compliance standards

2nd Pillar:
- Rural Development Policy

Multifunctional agriculture
- Food
- Environment
- Rural livelihoods
Key features of rural development policy

• A common strategy ("EU Strategic Guidelines")
• One Regulation providing common implementing framework, Member States have flexibility in tailoring their approach
• Multi-annual budget and planning (current period: 2007-2013)
• National Strategy Plans and 7-year rural development programs:
  – Member States can chose National or Regions programs
  – Take into account national, regional and local needs
  – including measures chosen and adapted from an EU menu where actions are grouped by theme (so-called “axes”)
• Shared management and financing: EU fund (EAFRD), national, regional & private sources
• “Leader method” to strengthen local governance and capacity building
• Synergy with the rest of EU Structural Funds (Regional, Cohesion, Social)
Mission of EU Rural Development support

EAFRD (European Agriculture Fund for Rural Development) contributes to:

• the promotion of sustainable rural development throughout EU
• is complementing the Common Agricultural Policy instruments (market and income support policies)
• in synergy with cohesion policy and common fishery policy.

Consistence and synergy are key principles of EU RD policy
EU Strategic Guidelines for rural development

• Improving the competitiveness of the agricultural and forestry sectors
  – Contribute to a strong and dynamic European agrifood sector by focusing on
    the priorities of knowledge transfer, modernization, innovation and quality in
    the food chain, and on priority sectors for investment in physical and human
    capital.

• Improving the environment and the countryside
  – Contribute to three EU-level priority areas: biodiversity and the preservation
    and development of high nature value farming and forestry systems and
    traditional agricultural landscapes; water; and climate change.

• Improving the quality of life in rural areas and encouraging diversification
  – Contribute to the overarching priority of the creation of employment
    opportunities and conditions for growth; promote capacity building, skills
    acquisition and organization for local strategy development and also help
    ensure that rural areas remain attractive for future generations; the particular
    needs of women, young people and older workers should be considered.

• Building local capacity for employment and diversification
  – Improving governance and mobilising the endogenous development potential.
The National Strategy Plan (NSP)

• Contains a MSs’ baseline analysis of the economic, social and environmental situation and provide a set of baseline indicators

• The NSP is an overall strategy, adopting Community priorities and declining national priorities:
  • National strategic choices
  • Set of intervention for target objectives: competitiveness of agriculture, environment and quality of life in rural areas

• Objectives are declined per Axis, achievement of targets and goals is quantified by common indicators

• RDPs budget and indicative breakdown, including Convergence amounts

• Internal and external consistency of the NSP, complementarity with other Community funding instruments
  - Synergies between axes and measures/integrated approaches
  - Links to other EU strategies and action plans
  - Demarcation principles

• Amount and set up for the national rural network
Rural development policy 2007-2013: Menu of 41 measures

**LEADER axis (min. 5%): integrated, bottom up, innovative**

- Axis 1: Competitiveness (min. 10% of total budget):
  - Farm modernisation
  - Processing
  - Infrastructure
  - Natural disaster recover
  - Training
  - Young farmers

- Axis 2: Environment and land management (min. 25% of total budget):
  - LFAs
  - Natura 2000
  - Agri-environment
  - Animal welfare
  - Forestry measures

- Axis 3: Diversification and quality of life (min. 10% of total budget):
  - Diversification
  - Tourism
  - Micro-enterprises
  - Village renewal
  - Basic services

**EAFRD: European Agricultural Fund for Rural Development**

Total Budget (EU, national & private): €231.3 billion for the period 2007-2013

National and Private Co-financing
Axis 1: Improving Competitiveness (1)

• Measures aiming at promoting knowledge and improving human potential:
  – Vocational training; Provision of advisory services; Setting up farm management, farm relief and advisory
  – Setting up of young farmers
  – Early retirement
  – Setting up of producer groups
  – Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector

• Measures aiming at restructuring physical potential and promoting innovation:
  – Farm modernization; Processing and marketing of agricultural and forestry products
  – Improving the economic value of forests
  – Improvement and development of infrastructure
  – Natural disasters and prevention actions

• Measures aiming to improve the quality of agricultural production and products
Axis 2: Environment / Land management

- **Measures targeting the sustainable use of agricultural land:**
  - Less Favoured Areas
  - Natura 2000 and Water Framework Directive
  - Agri-environment
  - Animal welfare
  - Non-productive investments

- **Measures targeting the sustainable use of forestry land:**
  - First afforestation on agricultural and non agricultural land
  - Agro-forestry
  - Natura 2000
  - Forest-environment
  - Restoring forestry potential/prevention
  - Non-productive investments
Less favoured areas payments

• 3 types of areas designated by the MS:
  – Mountain areas (altitude, slope)
  – Other Less Favoured areas
  – Areas with specific handicaps

• Basic conditions:
  – Farm a minimum area of land to be defined
  – Undertake to pursue their activity in areas designated for at least 5 years from the first payment
  – Respect cross-compliance requirements on the whole holding

• Payments differentiated according to the severity of handicaps and specificity of the situation

• Level of support: 25€/ha minimum - 250€/ha maximum
Linking farming to the environment

• Promoting positive impact of farming on the environment:
  – Maintenance of extensive meadows and pastures (appropriate date of mowing, grazing);
  – Preservation of grassland habitats;
  – Establishment of mixed species hedgerows;
  – Management of semi-natural habitats;
  – Management of areas important for specific species of fauna (birds, lynx, plants)
  – Support for traditional crops and livestock breeds

• Reducing negative impact of farming on the environment:
  – Organic farming
  – Low-input or no use of fertilisers and pesticides
  – Crop rotation
  – Conversion of arable land to grassland
  – Establishment of buffer strips
  – Extensive forms of livestock management
Axis 3: Diversification, quality of life in Rural Areas

- **Measures aiming at the diversification of the rural economy:**
  - Diversification to non-agricultural activities
  - Support for micro-enterprises
  - Encouragement of tourism activities

- **Measures aiming at the improvement of the quality of life:**
  - Basic services for the economy and rural population
  - Village renewal and development
  - Conservation and upgrading of the rural heritage (natural and cultural)

- **Measures aiming at the training and capacity building:**
  - Training and information measures for economic actors operating in fields of axis 3
  - Skills-acquisition and animation with a view to preparing and implementing a local development strategy
Support for the creation and development of micro-enterprises

- Key action: developing micro-businesses and handcrafts

- Beneficiaries: entrepreneurs expanding existing micro-enterprises or persons/entities wishing to set up a new micro-enterprises

- Investments for non-agricultural activities

- Sectors include:
  - non-agricultural processing handcrafts (e.g. furniture production, light engineering, etc.);
  - renewable energy production; services (recreation and sports, consultancy, social and health care, transport services, etc.);
  - secondary wood processing;
  - processing and marketing of products non listed in annex I such as bread, pasta, beer etc..
Basic services for rural population and Village renewal

• Support for investments linked to renewable energy, local access to Information and Communication Technologies (ICTs), transport and roads, small-scale infrastructure, cultural and leisure activities, concerning a village or group of villages

• Most common beneficiaries: municipalities and their associations, non profit legal entities, local community centres

Conservation and upgrading of the rural heritage

• information raising, inventory actions, preservation of immaterial heritage, restoration and development of historical sites, upgrading of the cultural heritage such as the cultural features of villages and the rural landscape
Training and information

• Objective: enhance human potential in rural areas
• Example of actions:
  – Entrepreneurship consultation (aid for starting up business);
  – Support for entrepreneurship (further training in universities, internships of students in holdings);
  – Support for improvement of quality of tourism service
• Most common beneficiaries: economic actors operating in the fields covered by Axis 3

Skills acquisition, animation and self governance

• Example of actions:
  – studies on the area concerned;
  – measures providing information about the area and the local development strategy;
  – training of staff involved in the preparation / implementation of a strategy;
  – promotional events and the training of leaders;
  – implementation of projects by public-private partnerships outside Leader
Support for rural tourism

- Diversification of farm activity
- Development of micro-enterprises
- Promoting tourism activities
  - Small-scale infrastructure such as information centers and signposting
  - Recreational infrastructure such as small capacity accommodations
  - Development and marketing of tourism
- Rural tourism can be part of local development strategies implemented by Local Action Groups (LEADER)
- Combination with measures under other Axes to attract tourism:
  - Axis 1: Agriculture and life on the farm and local typical food and traditions
  - Axis 2: Traditional landscapes and high nature value areas; biodiversity, organic food, clean environment, clean water
- Main infrastructure and interventions in synergy with other EU funds
Agro-tourism in Italy

Agro-tourist farms ("agriturismi") provide for accommodations; catering; recreational activities; direct selling of products; possibility to participate to the farm activities.

- 9,718 agriturismi in 1998
- 18,480 agriturismi in 2008
- 20,000 agriturismi in 2011

- 51.4% located in hilly areas
- 34.4% located in mountain areas

- 3 million guests in 2012 (of which 23% coming from abroad)
- 4 days is the average period of on-farm stay.

Italy leader in EU for n. of agro-tourism farms

Annual turnover of the agro-tourist sector: 1 billion Euros
Social Farming

Farms offering “green care” and education activities (elderly people; young students during summer breaks; rural kindergartens; people with handicaps; therapeutic agriculture; people needing reintegration in the society, etc.)

• Mostly located near the urban poles or in rural areas lacking additional social services
• In Italy there are 2,000 social farms
  – 51% profitable farms (mostly managed by young farmers and women)
  – 25,5% social communities
  – 23,5% social cooperatives

Measures used and actions supported:
• Diversification
• Creation and development of micro-enterprises
• Basic services for the economy and rural population
  – Investments in the development of educational and cultural activities
  – Investment in social and recreational activities
  – Therapeutic agriculture
  – Social inclusion
Leader: a methodological axis

**LEADER:** Liens Entre Actions de Développement de l’Économie Rurale = ‘Links between the rural economy and development actions’

- The implementation of local development strategies through the Leader approach offers the possibility to combine rural development objectives building on local needs and strengths.
LEADER initiative description

Main LEADER actions:

– Reinforcement of territorial coherence and synergies between measures intended for the broader rural economy and population...
– ...ensuring innovative and experimental rural development interventions...
– ...in an integrated way: involving all actors in the design and implementation of actions

Horizontal priorities covered with Leader:

– better governance at the local level
– endogenous development (local resources for growth and jobs)
Local Action Groups (LAGs)

• Public-private partnership
  – Multiple partners, e.g. professional organizations and unions (representing farmers or other actors), citizens, residents and their local organizations, environmental associations, research institutes, cultural and community service providers, local institutions and administrations, etc.
  – At decision making level, the economic and social partners as well as other representatives of the civil society, such as farmers, rural women, young people and their associations must make up at least 50% of the local partnership.

• The partnership must be representative for the area
• The partners must be locally based
• The groups draw up an integrated local development strategy for their territory and are responsible for implementing it
LEADER Implementation steps

- Skills acquisition for new LAGs or existing LAGs
  - Selection of local development strategies
  - Grant agreement / confirmation of selection to the LAG
  - Implementation of the local development strategies
    - LAG level
      - Local calls for proposal (transparency and equal treatment with objective selection criteria)
      - Selection of projects among a list of submitted projects (quality assessment in relation to the local development strategy)
    - Managing Authority / Paying Authority level
      - Ex-ante eligibility checks
      - Formal approval by Managing Authority / Paying Authority
      - Notification to project owner/grant agreement (MA/PA or LAG)
Thank you for your attention!

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www.politicheagricole.it/svilupporurale
www.reterurale.it

EU legal sources: