



## **Factsheet on 2014-2020 Rural Development Programme for Lombardia**

The Rural Development Programme (RDP) for Lombardia was formally adopted by the European Commission on July 15<sup>th</sup> 2015, outlining Lombardia's priorities for using the € 1.143 billion of public money that is available for the 7-year period 2014-2020 (€ 493 million from the EU budget and € 650 million of national co-funding).

Lombardia's RDP puts particular emphasis on improving the competitiveness of agriculture and primary producers, as well as on restoring, preserving and enhancing ecosystems. Some 1 475 beneficiaries will receive investment support to restructure and modernise their farms or in the processing and marketing of agricultural products. Apart from improving competitiveness, these investments will also contribute to enhancing the environmental performance and mitigating climate change. Investments will also be boosted thanks to the use of a specific financial instrument, a loan-fund supporting projects for the processing/marketing of agricultural products. More than 113 500 hectares of agricultural land will be under agri-environment-climate contracts supporting biodiversity, soil and water management, while a further 110 000 hectares of farmland in mountain areas will be supported. The region will reduce the administrative burden on beneficiaries by using a simplified system of standard costs for declaring expenses under certain investment measures.

Support for Rural Development is the 2nd Pillar of the Common Agricultural Policy, providing Member States with an envelope of EU funding to manage nationally or regionally under multi-annual, co-funded programmes. In total, 118 programmes are foreseen in all 28 Member States. The new RD Regulation for the period 2014-2020 addresses six economic, environmental and social priorities, and programmes contain clear targets setting out what is to be achieved. Moreover, in order to coordinate actions better and maximise synergies with the other European Structural & Investment Funds (ESIF), a Partnership Agreement has been agreed with each Member State highlighting its broad strategy for EU-funded structural investment.

This document provides a brief overview of how the challenges and opportunities Lombardia is facing are addressed by the RDP. In the annex, a table indicates the priorities and focus areas each with their specific targets, and their allocated budgets.

### **1. SITUATION AND KEY CHALLENGES**

In Italy, rural development is implemented through 22 separate RDPs – one at national level and 21 regional RDPs (including "less developed", "transition" and "more developed" regions). In addition, the National Rural Network Programme provides the funding for the networking of rural development actors in Italy.

Lombardia is the most populous Italian region. Situated in the north of the country, it covers a total area of 23 863 km<sup>2</sup>, of which 23% is rural, 43% intermediate and 34% urban. Agriculture accounts for 41% of the total area and forests 26%. 9.8 million people live in Lombardy (one sixth of Italy's population) with a density more than twice the national average. The employment rate is 65% - 73% for men and 56% for women –

compared with the national average of 57%. The unemployment rate is 7.5% (27% for the population aged 15-24 years old). Agriculture employs 1.6% of total employed people (national average 3.8%), relative to services 66% and industry 33%. Over 21% of Italian GDP is produced in the Region, and Lombardia's GDP per-capita (33 066 €) is 29% higher than the national average (25 729 €).

Lombardia is characterised by a specialised intensive agriculture and animal husbandry. More than 54 330 farms are active in the region (3.4% of national total), with a total Utilised Agricultural Area (UAA) of 986 830 ha (7.7% of national total) and 7.4 billion € of standard output (15% of national total). The average farm size is around 18 hectares compared to the national average of 8 hectares, while the average farm standard output is 136 000 € (national average 30 500 €). These values are considerably higher in plain areas (characterised by intensive agriculture and breeding) than in hill and mountain areas. Only 2% of the UAA is under organic production (9% in Italy). 58% of the UAA is irrigated (19% for Italy). The UAA is mainly used for arable crops, especially in the plains, and for permanent feed crops in the mountains. Cereals occupy a relevant part of the arable land, especially maize, rice (40% of national production) and wheat. The fruits and vegetables sector is also relevant and expanding. Animal husbandry (mainly beef and pig) accounts for 63% of the agricultural production value in the region and for 26% of the total Italian animal husbandry production value (33% for milk products). The regional food sector accounts for 11% of the total national holdings and 18% of the total national employees.

Intensive agriculture and animal husbandry have a significant impact on the regional natural resources and air quality. The Farmland Bird Index has decreased by 54% in the last 12 years. HNV farming is also below the national average. 18% of water bodies have a bad quality status also due to nitrate pollution from agriculture. The agriculture and animal husbandry sectors are responsible for 98% of the ammonia emissions. A fourth of the regional territory is concerned by a high level of hydrogeological risk.

## **2. HOW LOMBARDIA'S RDP WILL ADDRESS THESE CHALLENGES**

In addressing the challenges, Lombardia's RDP will fund operations under all six Rural Development priorities, – with a particular emphasis on improving the competitiveness of agriculture, as well as on restoring, preserving and enhancing ecosystems. The focus of each priority is explained briefly below.

### Knowledge transfer and innovation in agriculture, forestry and rural areas

€ 18.6 million will be used in advisory services to improve farmers' management skills from a technical, economic and environmental point of view, allowing them to introduce innovation in their activities. 4 730 farmers will also benefit from training and information activities with the same objective. 135 cooperation projects, 100 of which under the European Innovation Partnership, will strengthen the link between research and the agriculture, food and forestry sectors.

### Competitiveness of agri sector and sustainable forestry

1 105 farmers will receive support for investments in farm restructuring/modernisation, with over € 590 million (public + private) invested in physical assets. Such investments will also contribute to the environment and climate change mitigation. In addition, the RDP will support the start-up of 1 155 young farmers.

### Food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture

€ 360 million (public + private) will be invested in physical assets for 258 beneficiaries, with the aim of strengthening the food chain organisation, including processing and marketing of agricultural products. These investments will also contribute indirectly to improve the environmental performance and mitigate climate change. The region will also establish a loan-fund to further support investments in processing/marketing of

agricultural products. 9 million will be invested in biotic damages prevention due to natural catastrophes.

Furthermore, the RDP will support the entry of 370 farmers in quality systems.

#### Restoring, preserving and enhancing ecosystems related to agriculture and forestry

113 500 ha of agricultural land will be under agri-environment-climate contracts supporting the conservation of biodiversity, soil and water quality. In particular, 10 000 ha of farmland will receive support to either convert or maintain organic farming. In addition, farmers will be supported to maintain agricultural activities on 109 850 ha in mountain areas. € 30 million will also be invested in the forestry sector under this priority namely for the purpose of soil conservation.

#### Resource efficiency and climate

The RDP will pursue carbon conservation and sequestration by supporting specific agri-environment-climate practices on 51 000 ha of agricultural land as well as through the afforestation of 11 000 ha. 5 000 ha of irrigated land will switch to more efficient irrigation systems. 6 000 ha of agricultural land will also be under agri-environment-climate contracts aimed at reduction emissions of greenhouse gas and ammonia deriving from agriculture. The region also expects investments of over € 25 million of public and private funds in renewable energy production.

#### Social inclusion and local development in rural areas

Social and economic development in rural areas will be promoted through support to the preparation and implementation of Local Development Strategies by 10 LEADER Local Action Groups, which will cover 1 million people. 1.2 million people will also benefit from investments in new or improved broadband infrastructures.

The four ***biggest RDP measures*** in budgetary terms (total public funding) are:

- € 413.5 million allocated to measure 4 (Investments in physical assets)
- € 240.3 million allocated to measure 10 (Agro-environment-climate)
- € 103.6 million allocated to measure 8 (Forestry)
- € 78 million allocated to measure 13 (Areas facing natural constraints)

## Annex 1: Indicative public support for the Rural Development Programme in Lombardia

Target	Measure	€ Total public	%
<b>Priority1: Knowledge transfer and innovation in agriculture, forestry and rural areas<sup>1</sup></b>			
1A: Fostering innovation, cooperation, knowledge base 3.35 % of RDP expenditure	01 knowledge		
	02 advisory services		
	16 cooperation		
1B: Strengthening links (with research etc.) 135 cooperation projects	16 cooperation		
1C: Training 4 730 participants trained	01 knowledge		
<b>Priority 2: Farm viability, competitiveness and sustainable forest management</b>		<b>346 150 000</b>	<b>30.28%</b>
2A: Economic performance, restructuring & modernisation 2.03 % of holdings with RDP support	01 knowledge	6 850 000	0.60%
	02 advisory	9 000 000	0.79%
	04 investments	255 000 000	22.31%
	06 farm / business development	19 500 000	1.71%
	08 forest	11 000 000	0.96%
	16 cooperation	14 250 000	1.25%
2B: Generational renewal 2.13 % of holdings with RDP supported business development plan/investments for young farmers	01 knowledge	200 000	0.02%
	02 advisory	350 000	0.03%
	06 farm / business development	30 000 000	2.62%
<b>Priority 3: Food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management</b>		<b>160 150 000</b>	<b>14.01%</b>
3A: Improving competitiveness of primary producers 0.68 % of agricultural holdings receiving support for participating in quality schemes, local markets and short supply circuits, and producer groups/organisations	01 knowledge	1 300 000	0.11%
	02 advisory	1 100 000	0.10%
	03 quality schemes	5 750 000	0.50%
	04 investments	140 000 000	12.25%
	16 cooperation	4 000 000	0.35%
3B: Risk management 1.03 % of farms participating in risk management schemes	05 restoring agricultural potential	9 000 000	0.79%

<sup>1</sup> No financial allocation shown for Priority 1 as the expenditure is distributed across other focus areas.

<b>Priority 4: Restoring, preserving and enhancing ecosystems in agriculture and forestry<sup>2</sup></b>		<b>369 200 000</b>	<b>32.30%</b>
4A Biodiversity 5.36% of agricultural land under contracts	01 knowledge	600 000	0.05%
	02 advisory	400 000	0.03%
4B Water management 3.04% of agricultural land under contracts	04 investments	15 000 000	1.31%
	08 forests	30 000 000	2.62%
4C Soil erosion and management 3.24% of agricultural land under contracts	10 AEC	196 900 000	17.23%
	11 organic farming	45 000 000	3.94%
	12 NAT-WFD	3 300 000	0.29%
	13 ANC	78 000 000	6.82%
<b>Priority 5: Resource efficiency and shift to low carbon and climate resilience economy in agriculture, food and forestry sectors</b>		<b>119 750 000</b>	<b>10.48%</b>
5A Water efficiency 0.87 % of irrigated land switching to more efficient irrigation system	01 knowledge	200 000	0.02%
	02 advisory	100 000	0.01%
	04 investments	3 500 000	0.31%
5C Renewable energy 25 M € total investment in renewable energy production	01 knowledge	200 000	0.02%
	02 advisory	150 000	0.01%
	06 farm / business development	9 000 000	0.79%
5D Reducing GHG and NH3 0.61 % of agricultural land under management contracts targeting reduction of GHG and/or ammonia emissions	01 knowledge	200 000	0.02%
	02 advisory	100 000	0.01%
	10 AEC	5 400 000	0.47%
5E Carbon conservation and sequestration 3.86 % of agricultural and forest land under management contracts contributing to carbon sequestration or conservation	01 knowledge	200 000	0.02%
	02 advisory	100 000	0.01%
	08 forests	62 600 000	5.48%
	10 AEC	38 000 000	3.32%
<b>Priority 6: Social inclusion, poverty reduction and economic development in rural areas</b>		<b>125 500 000</b>	<b>10.98%</b>
6A Diversification, creation of small enterprises and jobs 10 jobs created in supported projects	07 basic services	4 000 000	0.35%
6B Fostering local development 16.05 % rural population under local development strategies 140 jobs created (via LEADER)	19 LEADER and CLLD	73 000 000	6.39%
6C Access to and quality of ICT 19.26 % of rural population benefiting from new or improved services/infrastructures (ICT)	07 basic services	48 500 000	4.24%
<b>Technical Assistance</b>		22 297 124	1,95%
<b>Total public expenditure €</b>		<b>1 143 047 124</b>	<b>100%</b>

<sup>2</sup> Expenditure under Priority 4 is programmed for the priority as a whole, not for individual focus areas.