Implementation and prospects of the rural development policy in Sicily to support young farmers

The paper analyses the implementation of the RDP 2007-2013 for Sicily up to 31/12/2013, with particular reference to the Measure 112 and its related measures (Young People Package). By collecting and subsequently analysing different information categories (financial, physical, procedural and expert opinion) it’s clear the remarkable success of the Measure 112 in terms of eligible applications, of which only 1/3 funded, due to the limited programmed budget. Referring to the integrated approach, also through the “face to face” interviews to the regional officials, it emerges the low expenditure speed of the Package-related measures, due to critical economic situation, red tape issues, difficult access to credit and the short time for realizing investments, disregarding in this case the achievement of the set objectives.

1. Introduction

The scarce generational renewal and the consequent low youth employment rates in agriculture represent troublesome issues in the entire European Union (EU), especially in the Mediterranean countries (Carbone and Subioli, 2008; Tarangioli and Trisorio, 2010). The scant presence of young entrepreneurs is due to several reasons: economic (in terms of low incomes and difficulties encountered in providing full-time employment), social (related to the quality of life of the farmers in the rural areas and the lack of services) but also mainly sector-based reasons encompassing an endless list of factors ranging from the high cost of land to the acquisition of expertise, as well as the setting-up costs and the access to credit (Bortolozzo and Tarangioli, 2005; Diakosavvas, 2006; Gabrielli and Tarangioli, 2009; Tarangioli and Trisorio, 2009; Regidor, 2012; Frascarelli, 2013; Matthews, 2013).

Currently interventions in favour of youth entrepreneurship in agriculture are substantially related to the instruments put in place under the 2007-2013 EU Rural Development Policy aiming to support the generational turnover in agriculture, and in particular to the “Measure 112 Setting up young farmers”, aimed at facilitating the settlement in agriculture of young people aged up to
40 years, and at meeting the specific challenges they have to face in order to including themselves in the agricultural sector. In particular, in order to contribute at improving the competitiveness of holdings, young farmers are required to submit a business plan (Hennessy, 2014).

Moreover, the Italian National Strategic Plan (NSP) (MiPAAF, 2007) introduced the possibility to act on the youth farm in a systematic perspective both through granting a premium for the first settlement behind the presentation of a business plan (BP), and fostering the integration of the Measure 112 with other measures, directly or indirectly aimed at increasing the competitiveness of the farm, identifying in the relative “Young People Package” (YPP) an integrated planning approach at farm level. Ensuring a significant presence of young people in rural areas is one of the priority targets of the Common Agricultural Policy (CAP), given that the youngest farmers, benefitting from timelines which are longer than those of older farmers, are preferable in farm management as to long-term investment decisions (Corsi, 2009), for their risk propensity, their ability to look for synergies and complementarity with other agents in the territory and to implement planning decisions with high innovative content (Cersosimo, 2012; Ballari, 2008). Keeping alive their role, by generating new employment opportunities and promoting the development of services, is crucial for the socio-economic development of rural areas and for the growth of primary sector (Diakosavvas, 2006; Carbone and Subioli, 2008; Regidor, 2012).

In this perspective, the CAP places a greater emphasis on the issue of young farmers for the 2014-2020 period than in relatively recent times, through the introduction since 2015 of an additional payment for the first pillar (+25% of the amount of direct payments for 5 years; MiPAAF, 2014) which can be complemented by specific thematic sub-programmes under the second pillar including a combination of measures (business start-up grants, general investments in physical assets, training and advisory services) aimed at advancing their entry in agriculture and at sustaining their income in the early hardest years of the setting up (Canali and Gjika, 2012; Bartolini, 2013; Canali, 2013; Carbone and Corsi, 2013; European Commission, 2013; Hennessy, 2014).

This paper, drawn up in correspondence with the launching of the new EU Rural Development policy, aims at presenting a detailed analysis of the implementation, as at 31/12/2013, of the Rural Development Programme (RDP) 2007-2013 for Sicily, with particular reference to the Measure 112 – and its related measures – which had a noteworthy response (as well as in other Italian regions), and in the light of the indications emerged from the 2014-2020 planning, it will receive more and more attention. Results were discussed with the Regional officials in charge of drafting and of budget allocation concerning the new planning.
2. Methodology

The RDP 2007-2013 for Sicily is divided into 4 Axes and it involves also the Measure 511-Technical Assistance; compared to the 41 measures provided for in the Community legislation, the Programme provides for the activation of 33 measures (Regione Siciliana, 2012). By collecting different information categories (financial, physical and procedural) relating to the implementation of the RDP for Sicily up to the 31/12/2013, a financial analysis was conducted on the amount of grants on public expenditure and expressed in terms of both admitted and certified expenditure. It has been possible to examine the financial progress of the RDP by year, by axis and by measure, through the quantification of the financial indicators relating to the commitment capacity (ratio between approved and programmed expenditure for the measure), the payment capacity (ratio between certified and programmed expenditure of the measure) and the expenditure speed (ratio between certified and approved expenditure). More specifically, the data collected from the official documents available on the dedicated website (www.prsicilia.it) were supplemented by those directly collected from the Regional Department of Agriculture, Rural Development and Mediterranean Fisheries (ARASP).

At a later stage, after reviewing the state of execution of the Measure 112 in the Italian regions up to the 31/12/2013 on the basis of figures released by the Italian National Rural Network (NRN) (Ottaviani and Lafiandra, 2014), the paper focuses on the YPP in Sicily. The RDP 2007-2013 for Sicily has confirmed a single premium for the setting up, associating compulsorily it to at least one of the following measures: modernisation of agricultural holdings (121); improvement of the economic value of forests (122); first afforestation of agricultural land (221); diversification into non-agricultural activities (311). Other measures were optional, such as those ones related to the use of advisory services (114) and the participation of farmers in food quality schemes (132), aimed at promoting the vocational training of the new farmer. The constraint for young people setting up a holding consisted in investing a total amount not lesser than twice the single premium received under Measure 112 and not exceeding € 500,000. The figures provided by the ARASP concerning number and financial amount of applications – received, eligible and approved – have allowed us to analyse the Measure 112, through the exam of both the financial execution up to 31/12/2013 (extended to all the YPP-related measures) consisting in the examination of the main variables of expenditure, and the effectiveness of its implementation, expressed in terms of realization rate of the output targets for the 2007-2013 period; a detailed framework for the YPP implementation has also been outlined for the same reference date.
Contextually “face to face” interviews to the regional officials in charge of the YPP measures were carried out also for a better understanding and interpretation of the examined data. Interviews were conducted in the first trimester of 2014 in the offices concerned via a questionnaire – previously used in other studies (Laboratorio di Studi rurali “Sismondi”, 2013) and then adapted to the Sicilian context – including 12 questions (mostly in an open format) aimed at collecting quantitative and qualitative data on the funded intervention (procedural aspects, adequacy of the programmed expenditure in comparison to the grant applications, interest in the measure, time frame for the grant payment, the achievement of the established objectives, etc.), as well as the personal perceptions of the interviewees on the Measure application trend and their opinions related to the criticalities and possible solutions.

3. Findings

3.1 The RDP 2007-2013 for Sicily

The financial execution of RDP 2007-2013 for Sicily up to 31/12/2013 shows that as much as 93.1% of the total (almost € 2.2 billion) is committed to the financing of approved applications (Tab. 1). In contrast, the payment capacity is still modest, amounting to 64.0% (slightly below the national average reported by NRN, equal to 65.9%) as a result both of a significant value for the

| Table 1. Financial execution of 2007-2013 RDP for Sicily by axis up to 31/12/2013. |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Axis I                  | 861,852,149.00 | 831,751,907.36 | 96.5            | 510,932,095.07 | 59.3            | 61.4            |
| Axis II                 | 929,551,127.00 | 882,933,507.00 | 95.0            | 752,339,382.46 | 80.9            | 85.2            |
| Axis III                | 228,664,218.00 | 182,495,865.27 | 79.8            | 98,598,062.09  | 43.1            | 54.0            |
| Axis IV                 | 120,121,206.00 | 106,610,543.80 | 88.8            | 18,575,280.80  | 15.5            | 17.4            |
| Tech. Ass.              | 32,770,155.00  | 18,915,939.00  | 57.7            | 9,284,369.15   | 28.3            | 49.1            |
| Total                   | 2,172,958,855.00 | 2,022,707,762.43 | 93.1           | 1,389,729,189.57 | 64.0            | 68.7            |


Source: Our elaborations on ARASP data.
Axis II and of modest values for Axis I and low levels for the Axes III and IV and Technical Assistance. In addition to the ongoing financial and liquidity crisis, the limited payment capacity is due to both the delayed activation of some measures occurred in the last years of the ongoing programming period, and to the start of spending in some cases paradoxically in 2013; these elements are also linked to bureaucratic problems. Going into the details of the measures, there is a remarkable variability of payment capacity, which for 20 measures is less than 50% (Fig. 1).

3.2 State of execution of the Measure 112 in Italy

With reference to the Measure 112, as already mentioned it had a great success both in Sicily and in many other Italian regions. Despite at national level, the allocated budget had been reduced by 17% compared to the previous programming period, the measure had 10.2% of budgeted funds for Axis I. At the end of 2013, approximately € 557 million were spent out of the programmed expenditure, equivalent to 77.8% of the allocated budget. The regions with the highest expenditure were Sicily (€ 70.1 million), Apulia (€ 61.2 million) and Tuscany (€ 56.4 million). In 12 regions the capacity payment stood at values higher than 70% (Fig. 2).

3.3 Analysis of the implementation of the Measure 112 in Sicily and its effectiveness

Referring to RDP for Sicily, the Measure 112, with a single tender procedure of 30/04/2010, made available a € 73.1 million budget, resized with respect to
2000-2006 programming. Indeed, the setting-up of young farmers included in
the Regional Operational Programme for Sicily (Measure 4.07) received a total
amount of about € 250 million, double of the resources originally planned
(about € 130 million). Nevertheless, the Measure 112 retains some relevance,
concentrating 10.2% of the programmed expenditure for the setting up of
young farmers at national level and 8.5% of the financial envelope for Axis I at
regional level. Turning to aspects more specifically related to the implementa-
tion, at the end of 2013 € 70.1 million were spent out of the allocated budget,
with a payment capacity of 95.9%; at the same date, 96.4% of the programmed
expenditure was committed. In addition, 1,752 young farmers admitted to the
measure had received the single premium (in the case of farm set as a corpo-
rate status, a multiple premium was granted, up to 3 individuals). Young farm-
ers were mainly represented by male (55.9%), although there was a significant
share of female (44.1%); men prevail in the 18-30 year-old age group, women
between 31 and 40 years. Finally, for both output indicators of the measure −
number of assisted young farmers (1,827) and the total volume of investments
(€ 73.1 million) − the index of effectiveness reached 95.9%.

The performance of the measure is to be considered very positive, as dem-
onstrated by the large participation of young people expressing their willing-
ness to settle for the first time on an agricultural holding (5,307 applications),
reflecting the desire for redemption and employment that new generations are
relying on. This large participation is not however matched by an adequate fi-
nancial budget: in comparison to 4,294 eligible applications, only 1,432 were
admitted to the support of measure (1/3), corresponding to 2,116 projects of
the YPP-related measures, for an overall approved expenditure of € 297.2 mil-
lion (Tab. 2). In this sense, the integrated approach of YPP and the weighting

**Figure 2.** Payment capacity of Measure 112 by Italian region up to 31/12/2013.

*Source: Our elaborations on RNR data.*
### Table 2. Participation to the YPP by measure up to 31/12/2013.

<table>
<thead>
<tr>
<th>Items</th>
<th>Measure 112</th>
<th>YPP-related measures</th>
<th>Projects (No.)</th>
<th>Package total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>112</td>
<td>121</td>
<td>122</td>
<td>221</td>
</tr>
<tr>
<td>Received</td>
<td>5,307</td>
<td>4,382</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>Eligible</td>
<td>4,294</td>
<td>4,149</td>
<td>6</td>
<td>25</td>
</tr>
<tr>
<td>Approved</td>
<td>1,432</td>
<td>1,410</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Expenditure (€)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eligible</td>
<td>191,520.0</td>
<td>517,114.1</td>
<td>508,588.9</td>
<td>1,776.0</td>
</tr>
<tr>
<td>Approved (A)</td>
<td>70,480.0</td>
<td>190,694.3</td>
<td>266.9</td>
<td>740.8</td>
</tr>
<tr>
<td>Certificated (B)</td>
<td>70,080.0</td>
<td>41,967</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Expenditure speed (B/A)</td>
<td>99.4%</td>
<td>22.0%</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

*Source: Our elaborations on ARASP data.*
of selection criteria for aid applications, by assigning high scores in relation also to the size of investments, determined mainly funding of farms potentially able to offer stronger guarantees of durability and competiveness, coherently with the provisions of 2007/2013 Rural Development Policy.

In relation to these elements and assuming an expenditure speed of 99.4% for Measure 112, the same indicator for the whole YPP amounted to only 42.0% (contracted to 24.2% if referring only to the related measures) due to the critical economic situation (economic, liquidity and credit crisis), to red tape issues and to the timing to realize the planned investments. Among the interventions related to the modernization of agricultural holdings (121), the material investments for farm improvement (land acquisition, restructuring of production plants, irrigation systems, etc.) were the most successful, followed by the projects related to the purchase of agricultural installations, machinery and equipment and the construction and/or modernization of rural manufactured. Among the projects aimed at the diversification into non-agricultural activities (311), young people greatly favoured those investments relating the agritourism sector, by allocating 3/4 of approved expenditure. Finally, it is interesting to note the little attention of young farmers towards certified organic production compared to conventional one.

3.4 The direct survey

With regard to the direct survey, the officials in charge of the YPP measures stated that the financial allocation for Measure 112 in the 2007-2013 period turned out to be inadequate, given the high number of eligible applications but not funded, and the fact that during the financial breakdown by measures, officials were not fully aware of the real interest for the measure itself. Furthermore, financial size of farm investments for the YPP measures were initially underestimated (on average equal to € 160,000). Moreover, after the closure (November 2010) of the application call procedure (just one out of the 4 programmed time windows was implemented, absorbing the entirety of the available financial resources and keeping out de facto other potential beneficiaries from the participation to the following calls), significant delays emerged, due to the large amount of applications to be evaluated under the aspects of admissibility and eligibility; as a consequence, the final ranking was published in the first semester of 2011 and only then it was possible to proceed with the enactment of the first funding decrees. According to the interviewees, at the end of the programming period nearly all the young farmers received the setting up aid, while there were still limited decrees for progress payments (for most applications, investments are just about to begin or cur-
rently underway) and even less final payments (the implementation of the BP and its final testing came to an end for some applications or officials are waiting for the issue of the final report including expenses calculations). In this sense, though highlighting the validity of the integrated planning within the YPP, the respondents stated the need to implement strategies improving young farmers’ access to credit, to foster the cooperation between stakeholders with appropriate instruments and lastly to expand the YPP with agri-environmental measures. As to the result and impact indicators set by the RDP 2007-2013 for Sicily for Measure 112, interviewees claimed that the former (Gross Value Added in the funded enterprises/companies: +€ 14,075,208.00; 1,421 companies run by young farmers) will be achieved in the near future, while the latter (economic growth: +€ 13,665,250.49; labour productivity: € 99.86/AWU; creation of 1,360 jobs with the effect of mitigating the exodus from the primary sector) will be thwarted by the ongoing economic and financial crisis. Lastly, respondents highlighted the soundness of the integrated planning approach of the YPP as a tool to foster youth employment and the start-up of numerous farm development processes, coherently with the objectives of rural development policies; they feel quite confident in a future re-proposal of such an approach.

4. Conclusions

In the past programming periods, the measure intended for young agricultural entrepreneurs enjoyed an undeniable success at a national level, although an array of doubts was expressed as regards the efficacy of the instrument (merely a formal transition of farm ownership, use of granted aid for the management of existing farms and – in the case of real start-up – inadequate financial resources to cover initial or investment costs) (Tarangioli and Trisorio, 2009; Carbone and Corsi, 2013). This is why the 2007-2013 rural development policy has “rethought” the measure, which while preserving its single premium feature, in the new business-oriented design formulation gives the young farmer the opportunity to plan a global firm strategy, relying more heavily on project quality (BP). The participation of young farmers to the Measure 112 was largely positive in most of the Italian regions.

In Sicily, young farmers proved to be willing to actively contribute to a diversified, competitive, innovative, multifunctional and sustainable development of the regional agricultural sector. This attitude despite the economic and structural difficulties of the sector during the last years and the complicated and articulated process to gain access to the Measure 112 aid – due to both the mandatory requirement of the integration in the same application of
at least another measure and the drafting of a BP. In the current planning period, the above-mentioned measure had a remarkable success in terms of eligible applications (3 times the number of the approved ones), showing as at 31st December 2013 a more than satisfactory achievement of programmed targets and an advanced stage in the financial execution. Referring to the integrated approach adopted in Sicily (YPP), it seems not to have determined considerable criticalities or obstacles as much to the initial participation of potential beneficiaries, but rather to the following implementation of the BP. From the financial analysis carried out, in fact, a low payment capacity and a low expenditure speed for the measures linked to the Measure 112 came to light; in this regard, it is sufficient to point out that of the six measures – compulsory and optional – up to the end of 2013, just for two of them the funding decrees were enacted, besides with rather small amounts, mainly for reasons of economic nature (liquidity and credit crisis), bureaucratic order (due to delays in the examination of several projects and in the following payments) and management issues (difficulties in the management of a tool which is so innovative compared to the ordinary supporting instruments implemented by the regional administration).

In the new Rural Development Planning it is to be hoped that, taking into account, on the one hand, the validity of the integrated approach and, on the other hand, the above-mentioned critical issues, the credit access, one of the main constraints to the setting-up of young farmers and their following farm investments (Corsi et al., 2005; Ballari, 2008; INEA, 2013; Matthews, 2013; Brun et al., 2014), is to be simplified or to find alternative suitable tools in order to minimize their exposure (and/or the family support). In this sense, the goal of the young farmers payment provided under the first pillar of the 2014-2020 CAP should just be the reduction of the duty in financial terms for the young settled-up, but the modest amount of the aid makes it to be retained inadequate to the achievement of this aim (Canali, 2013; Frascarelli and Pupo D’Andrea, 2014).

Another important issue is the need to simplify the bureaucratic process in order to make possible to fulfil the programmed phases, as well as an accurate choice and weighting of selection criteria of aid applications, by taking into account their actual profitability in the evaluation of the investment plans.

Lastly, decrease of allowed times for the implementation of the farm investment plan admitted to funding (starting up) would allow a more rapid start of entrepreneurial activity.

The RDP 2014-2020 for Sicily – submitted to the European Commission last May – contemplates a further slight reduction of the financial endowment (with the aim to address financial resources towards those firms able to offer better guarantees of competitiveness and durability on the market) concern-
ing Measure 6.1 (previous 112) by an amount of 65 million euro (around 11% decrease compared to 2007-2013 period), confirming the individual contribute (€ 40,000) in capital account but to be granted in at least 2 rounds (the second of which only when the BP will be fully implemented). A change, this latter, which might baffle young entrepreneurs thus called to bind more of own financial resources in the start-up. As in the recent past, in order to access to the setting-up premium, it will be mandatory to activate a number of other tools, within the sub-program “Young Farmers Package”, supporting the investments of the BP. The need for an easier access to credit for young farmers setting-up is still unsatisfied, despite the input come to light from this research, but also from a survey conducted by the local independent evaluator.

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