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RDP 2014-2020 in Italy: evidence and preliminary reflections from a project-level analysis

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AIEAA 11 March 2022

Rural Areas

The EU's rural areas are a core part of the EU way of life: over **80%** of its **territory** is rural with **30.6%** of the **population** living there

In Italy, **63,8%** of municipalities are rural; **17%** population living in rural areas

The European Commission has included among its top priorities the revitalization of rural areas, which is mainly supported through the EU's rural development policy, also known as the "Second Pillar" of the CAP, in particular, the **European Agricultural Fund for Rural Development**

The European Commission, with its communication of June 2021, has started ample reflection for "**A long-term vision for the EU's Rural Areas - Towards stronger, connected, resilient and prosperous rural areas by 2040**"

- Rural areas are active players in the EU's green and digital transitions
- *"We will cherish and preserve our rural areas and invest in their future" (President von der Leyen – July 2019)*
- Implementation of Rural Development Programmes (RDPs)

Rural challenges

Reading through the policy and academic literature points to a mix of the demographic, labour market and education issues that interact with the economic and social situation of rural regions alongside infrastructure issues

Demographic trends notably highlight an **urban exodus** uncompensated by migration and **ageing societies**

Agriculture (and agrifood) is still one of the main important sectors in rural economies, playing a crucial for their long-term sustainable future, employment opportunities, and economic systems



Looking at the implementation of the Rural Development policy in Italy using **project-level data** with the aim to better understand how the European Agricultural Fund for Rural Development is **used to promote local development in rural areas**

Sub aim (1)

Descriptive analysis of RDPs' allocation and distribution across beneficiaries, municipalities, objectives, types of actions

Sub aim (2)

Evaluating the effects (effectiveness) of specific measures/actions of the RDPs in addressing relevant rural challenges

Aims

FEASR 2014-2020

Italy is the first country in terms of total budget planned, but only 43% of it has been really spent

Data Opencoesione

Projects funded by the EU RDP for the 2014–2020 programming period in Italy
www.opencoesione.gov.it

Descriptive analysis and effects

- What has been done
- Among all sub measures, we identify those that more closely resemble the objectives of RDPs

Research design

FEASR in Italy

What has been done

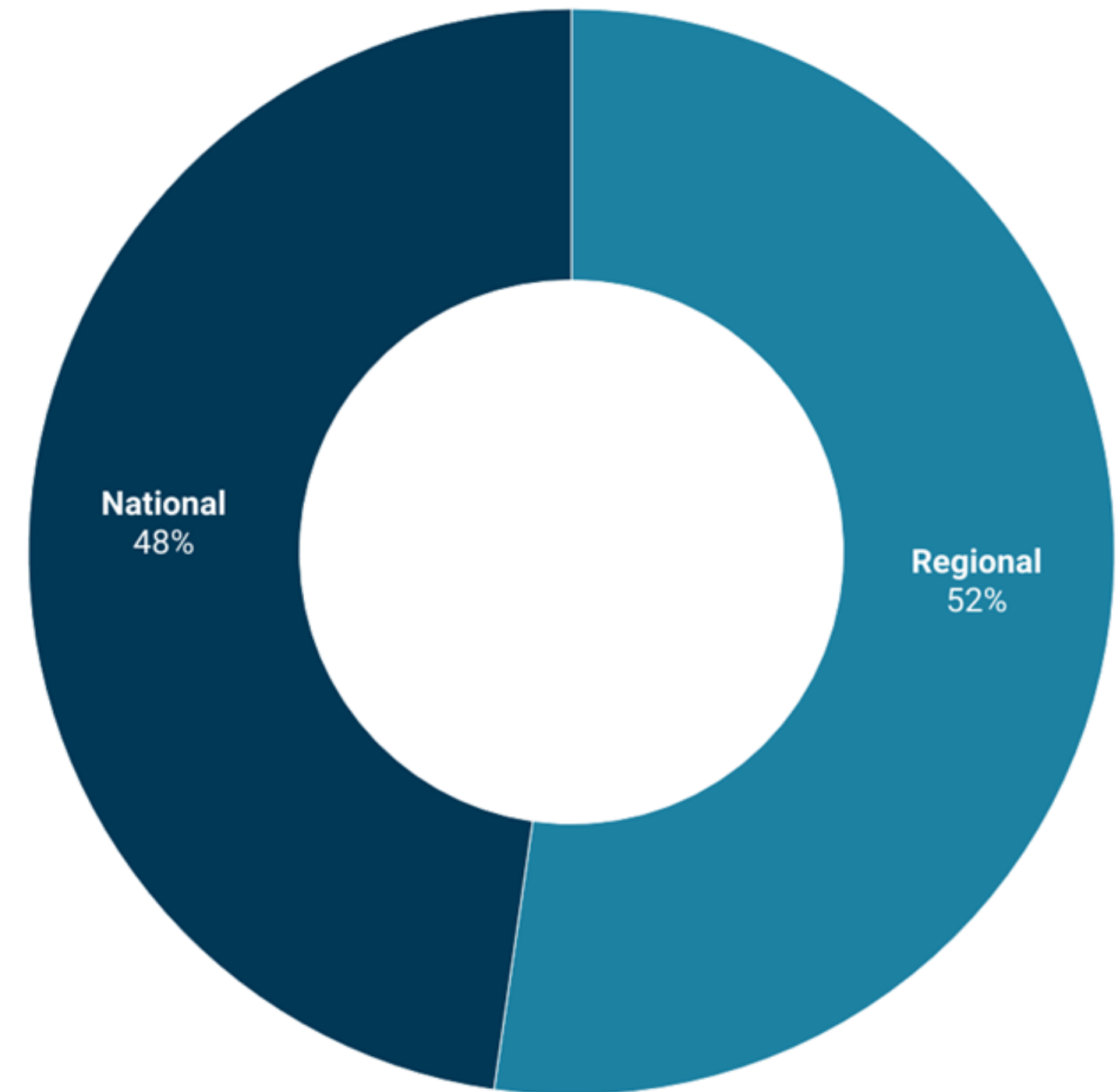


Who?

- 1,357,143 projects
- 301,788 recipients

FEASR: projects

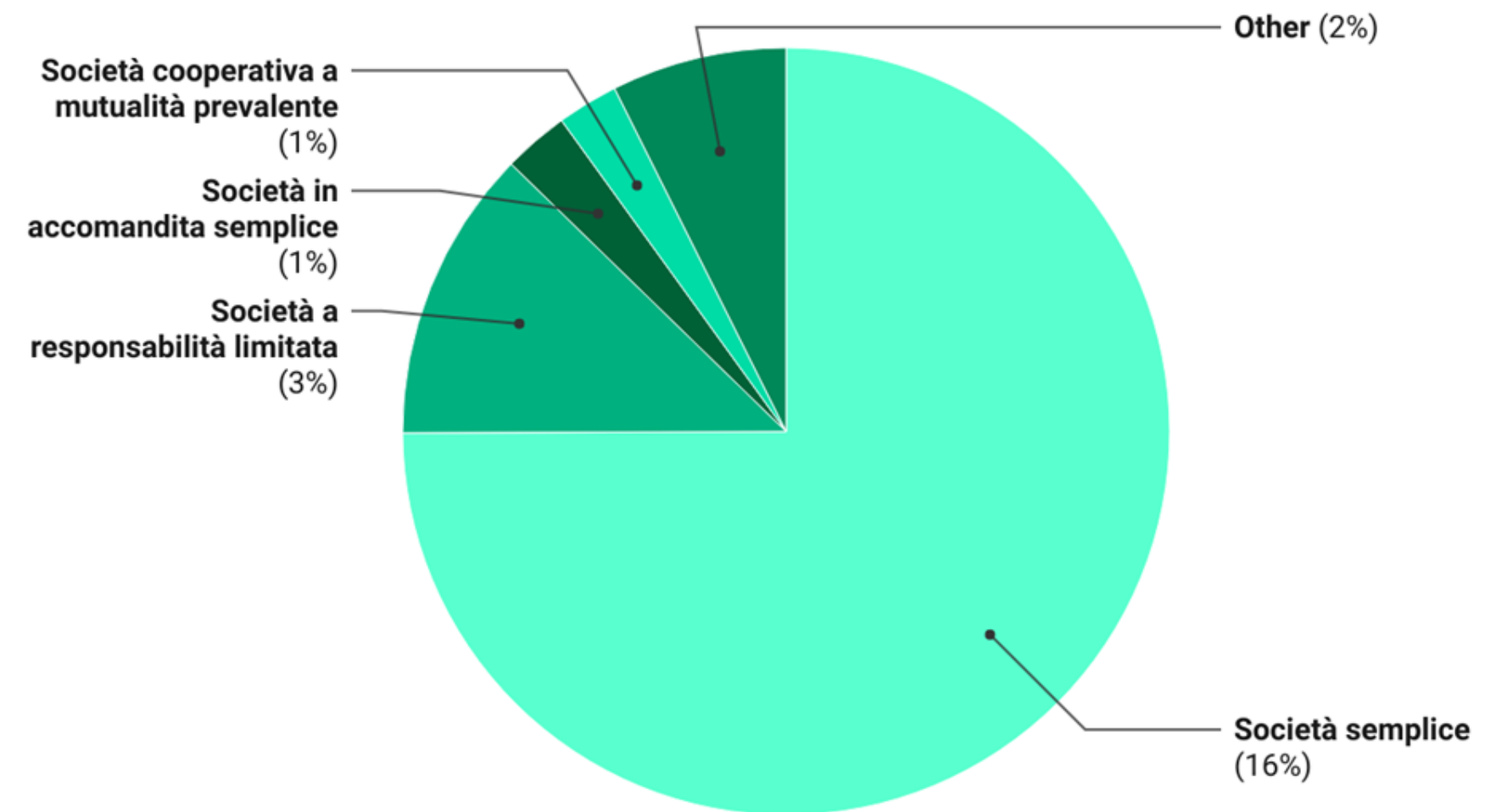
■ Regional
■ National



Source: Opencoesione • Created with Datawrapper

Who?

Forma giuridica beneficiario



Source: Opencoessione • Created with Datawrapper

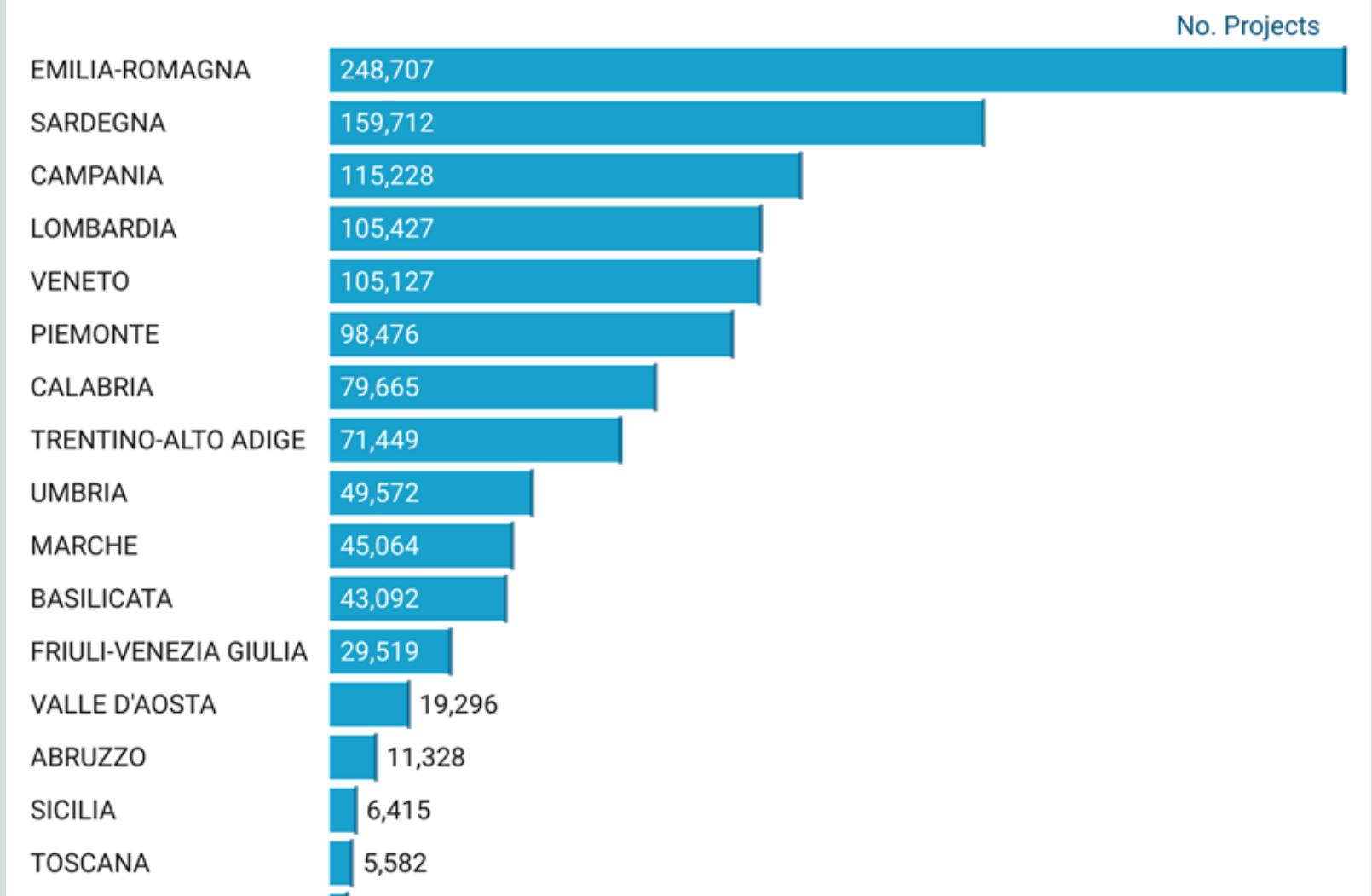
Where?

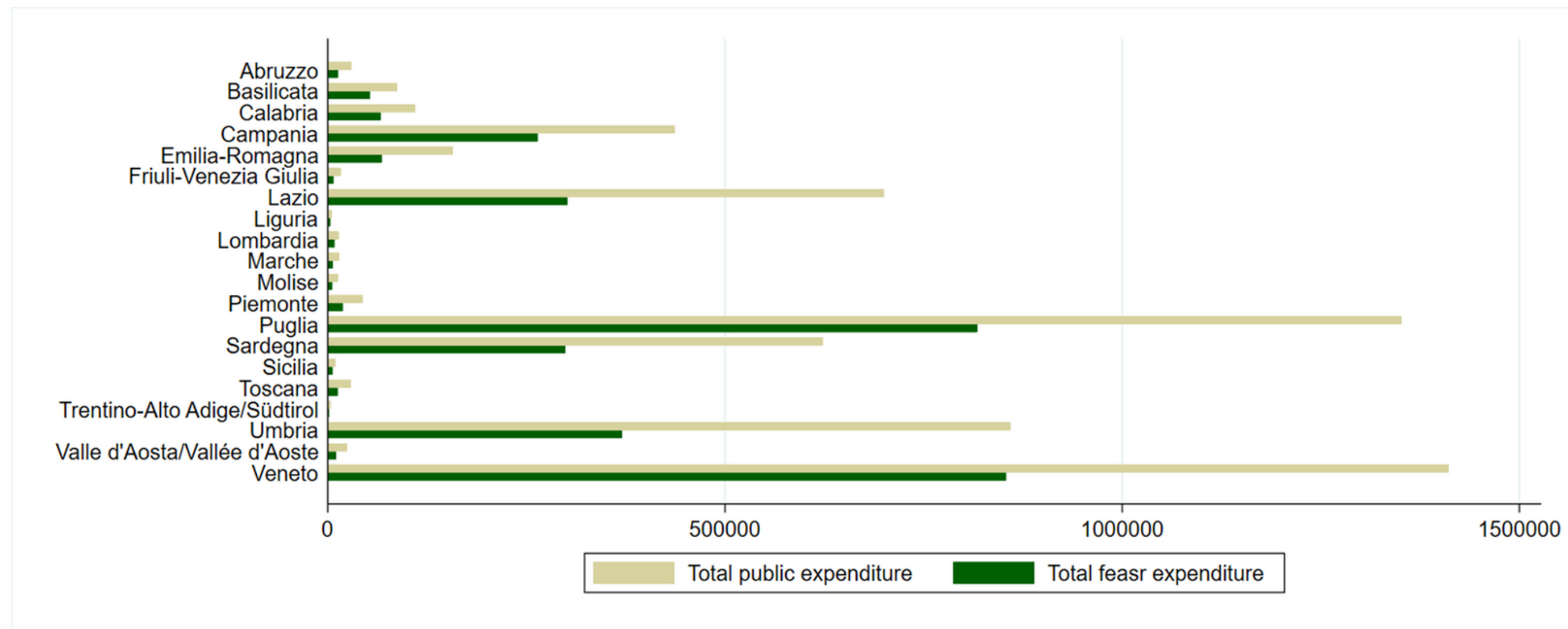
- 27,393 projects located in more than one regions
(bridging programmes)

Projects by region

Projects located in a single region

No. Projects





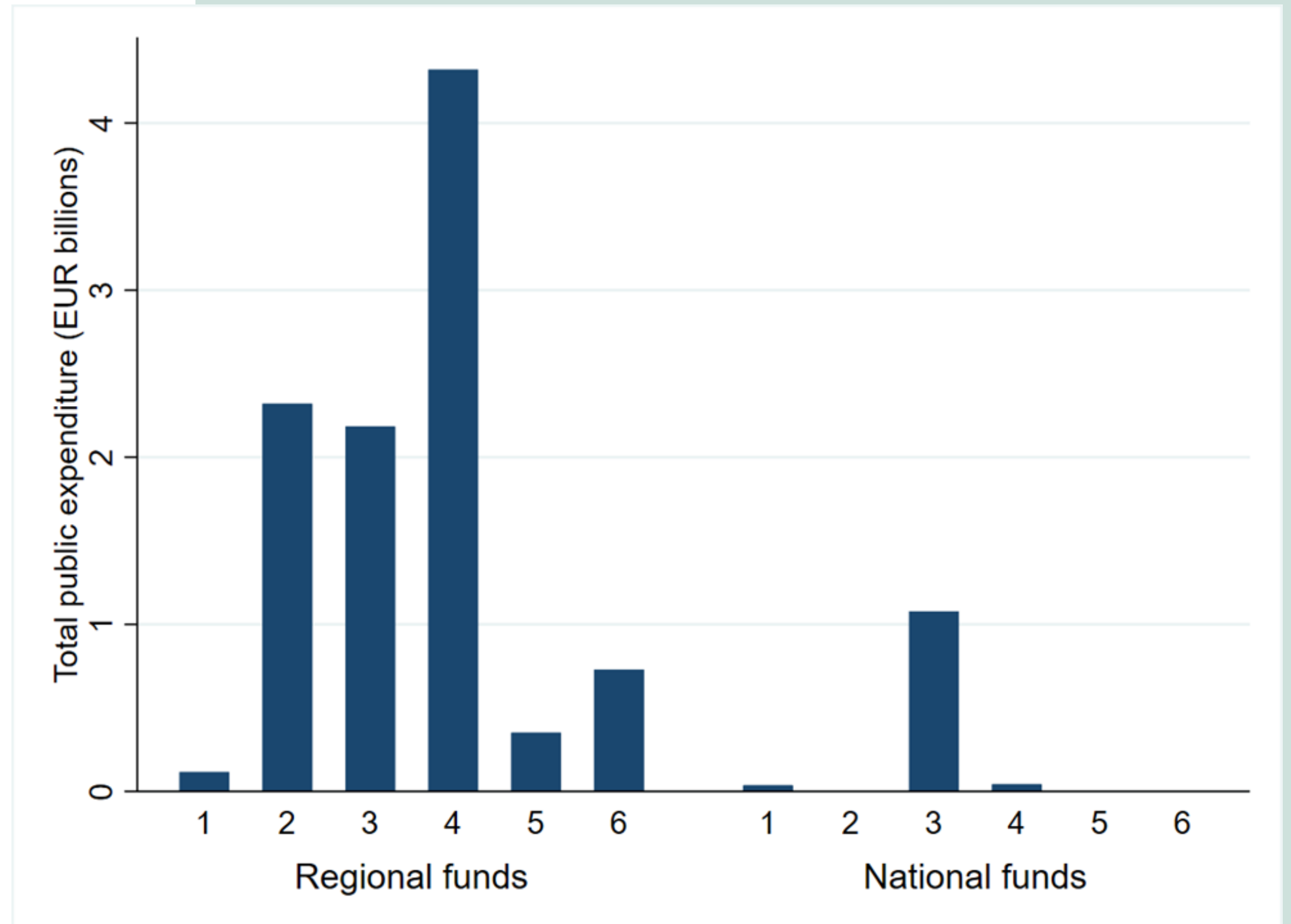
Where?

Expenditure: Veneto, Apulia & Latium

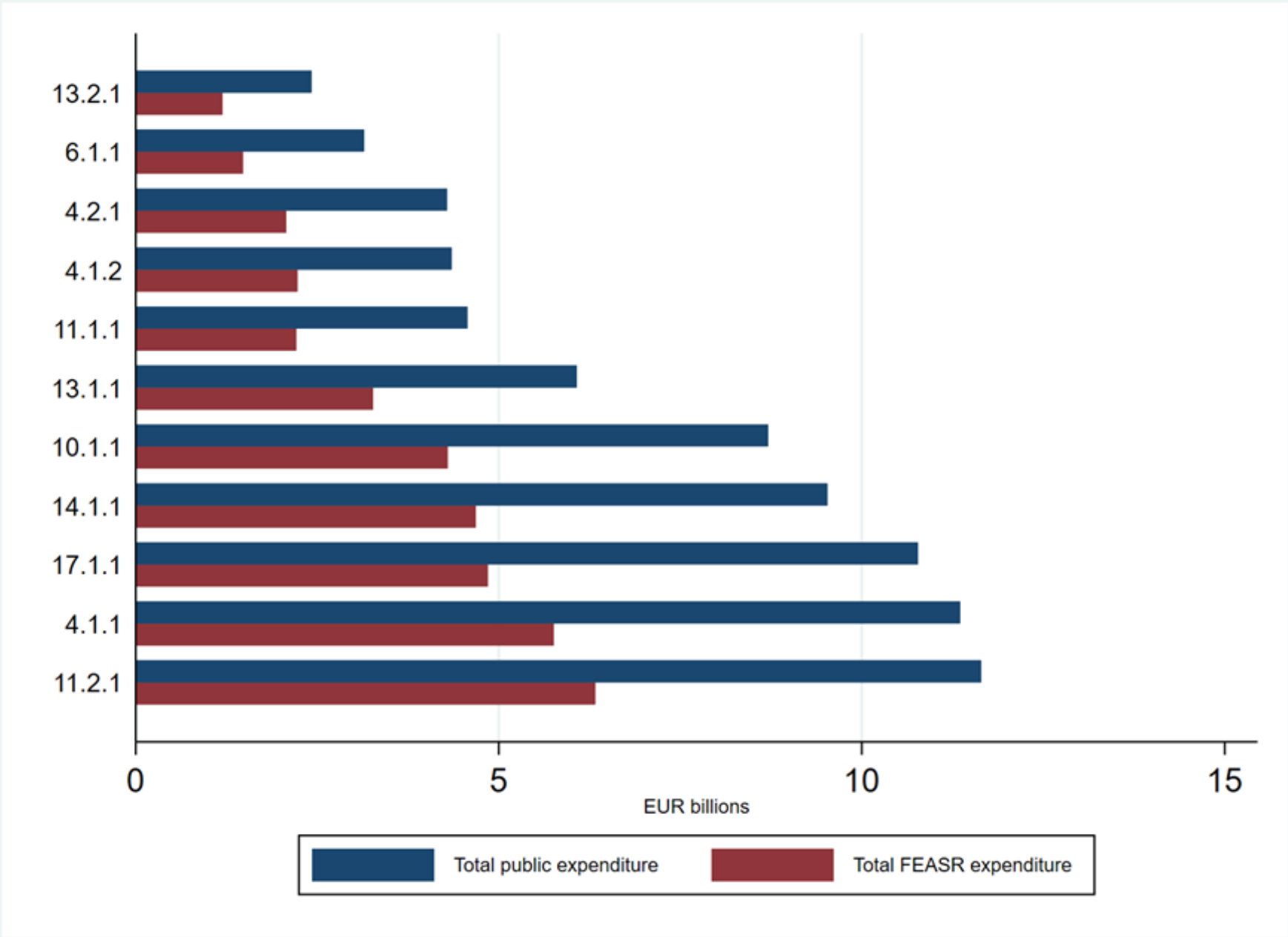
What?

Six EU Rural Development policy priorities provide the basis for rolling out support from the European Agricultural Fund for Rural Development (EAFRD) to rural areas. EU Member States and regions need to address at least four of these priorities when designing their RDPs

Priority 1 - Knowledge transfer and innovation
Priority 2 - Farm viability and competitiveness
Priority 3 - Food-chain organisation
Priority 4 - Enhancing ecosystems
Priority 5 - Resource efficiency
Priority 6 - Balanced territorial development



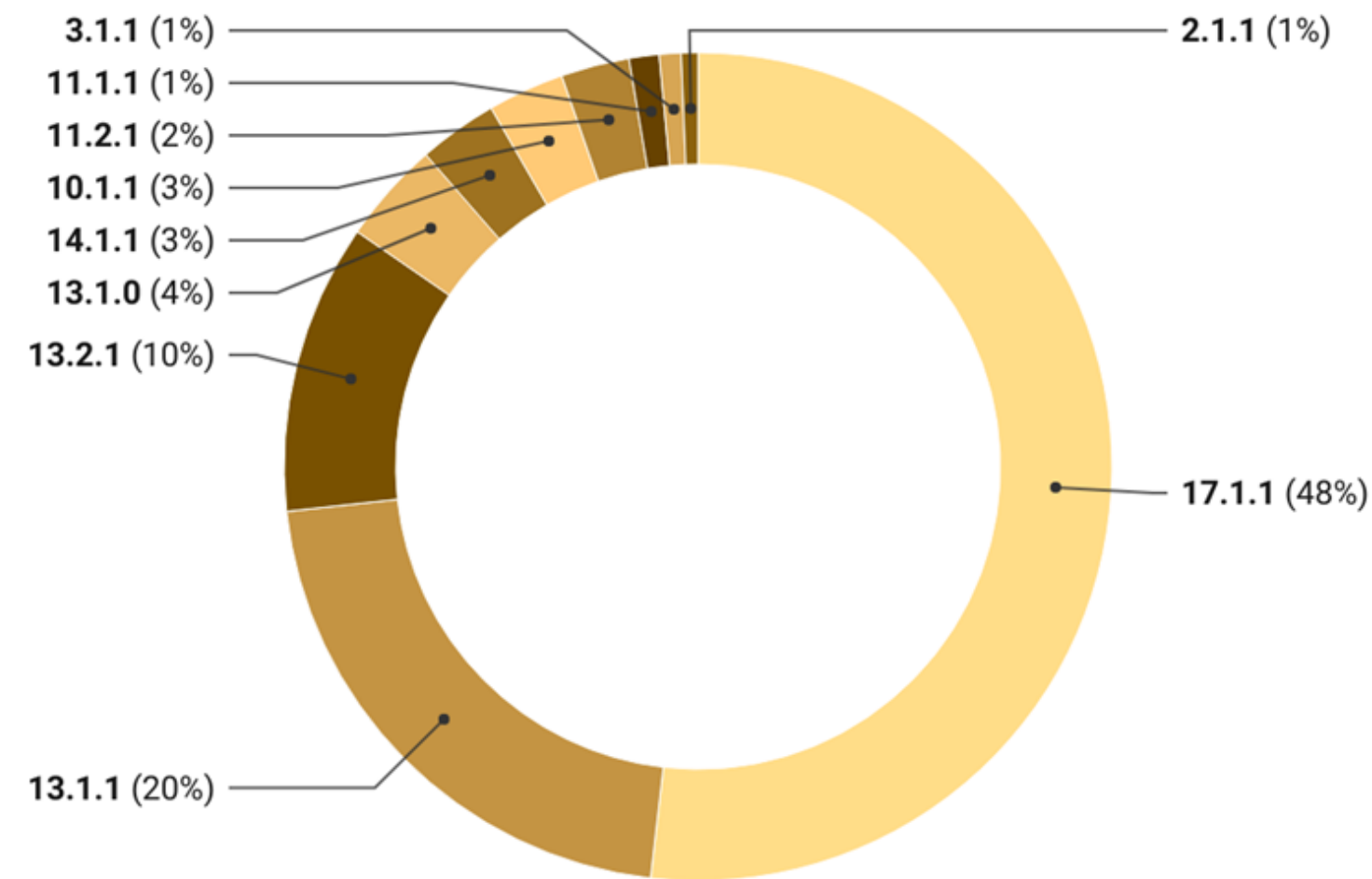
Sub-measures



11.2.1	payment to maintain organic farming practices and methods
4.1.1	investments in agricultural holdings: increasing competitvness
17.1.1	crop, animal and plant insurance premium
14.1.1	payment for animal welfare
10.1.1	agri-environment-climate commitments
13.1.1	compensation payment in mountain area
11.1.1	payment to convert to organic farming practices and methods
4.1.2	investments in agricultural holdings: increasing competitvness for young farmers
4.2.1	investments in processing/marketing and/or development of agricultural products
6.1.1	business start up aid for young farmers
13.2.1	compensation payment for other areas facing significant natural constraints

Percentage of projects by sub-measures

No. of projects



Source: Opencoesione • Created with Datawrapper

11.2.1	payment to maintain organic farming practices and methods
17.1.1	crop, animal and plant insurance premium
14.1.1	payment for animal welfare
10.1.1	agri-environment-climate commitments
13.1.1	compensation payment in mountain area
11.1.1	payment to convert to organic farming practices and methods
2.1.1	to help benefiting from the use of advisory service
3.1.1	new participation in quality schemes
13.2.1	compensation payment for other areas facing significant natural constraints

❖ Some measures are more relevant for the number of projects, more than for the amount of funds

Cooperation

Some projects are managed by multiple actors

Number of recipients

No. recipients	No. Projects	Percentage
1	1,345,798	99
2	10,825	1
3	921	0
4	128	0
5	40	0
6	6	0
7	5	0
8	3	0
9	1	0
11	1	0

Source: Opencoesione • Created with Datawrapper

FEASR and high-quality agri-food productions



-
- Agriculture, forestry and fishery sector jobs are more prevalent in rural areas and this is reflected in these areas' economic performance
 - Farming income is significantly below the average income in most Member States

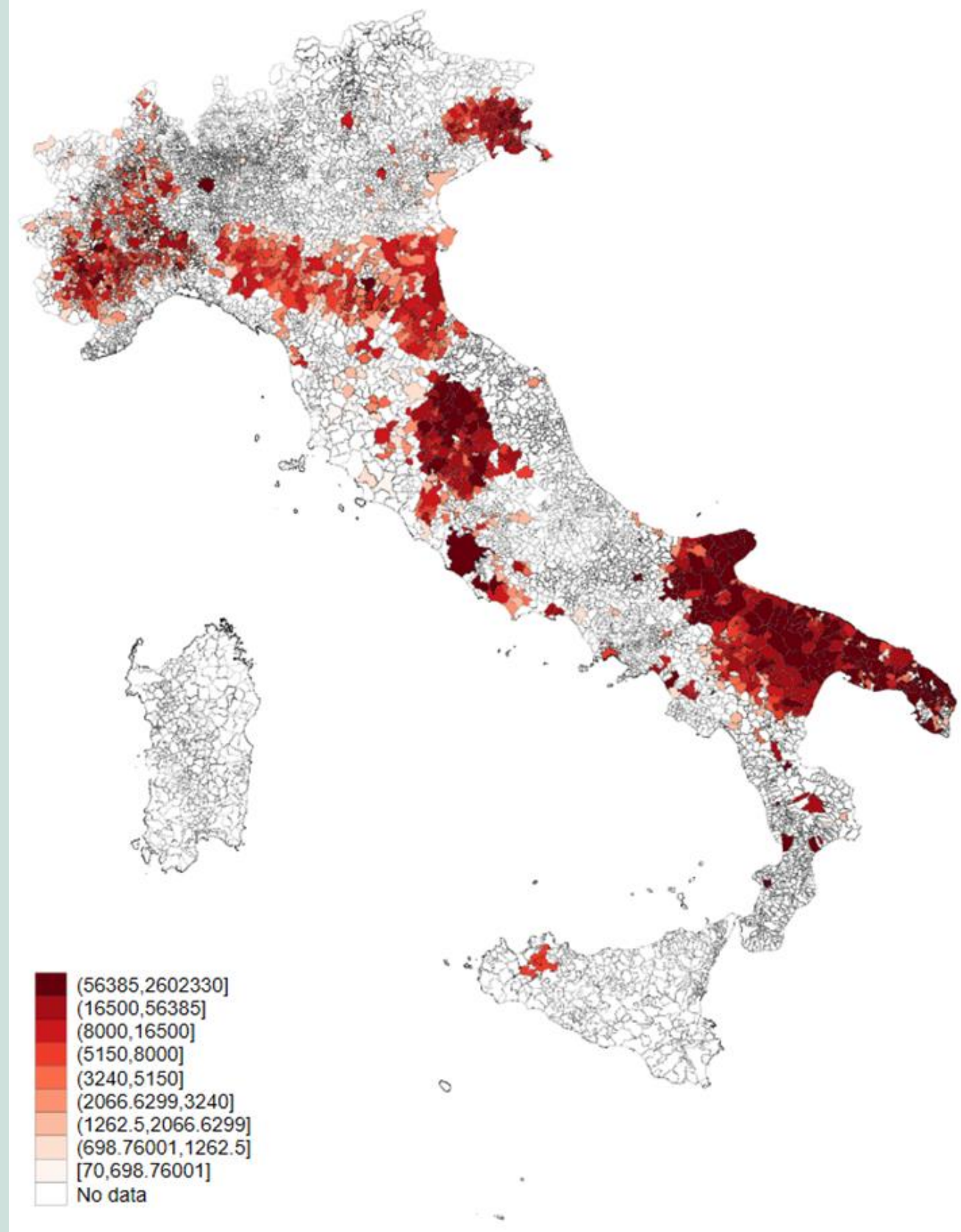
The EU turned its attention towards agri-food quality – which over time has become one of the pillars of the CAP – at the end of the 1980s, when the European Commission approved the Green Paper on the Future of Rural Society, focusing on the role of the agricultural world in terms of **food quality and preservation of territories**

Policies for EU quality represent the most advanced protection and valorisation scheme for the authenticity of quality agri-food products at the national and international level

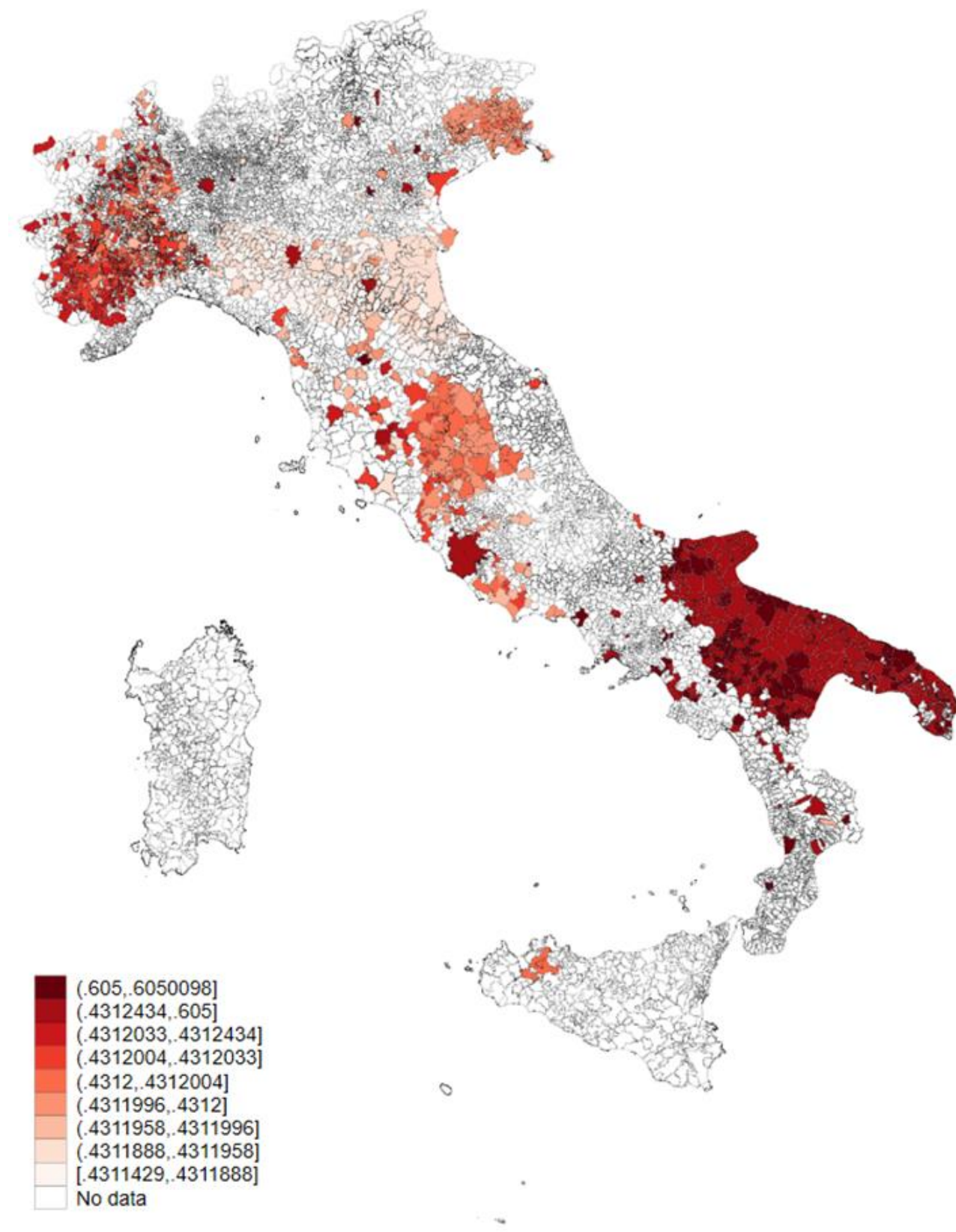
Quality differentiation (i.e. **Geographical indications**) has positive benefits in terms of premium pricing, income distribution, market access and so on

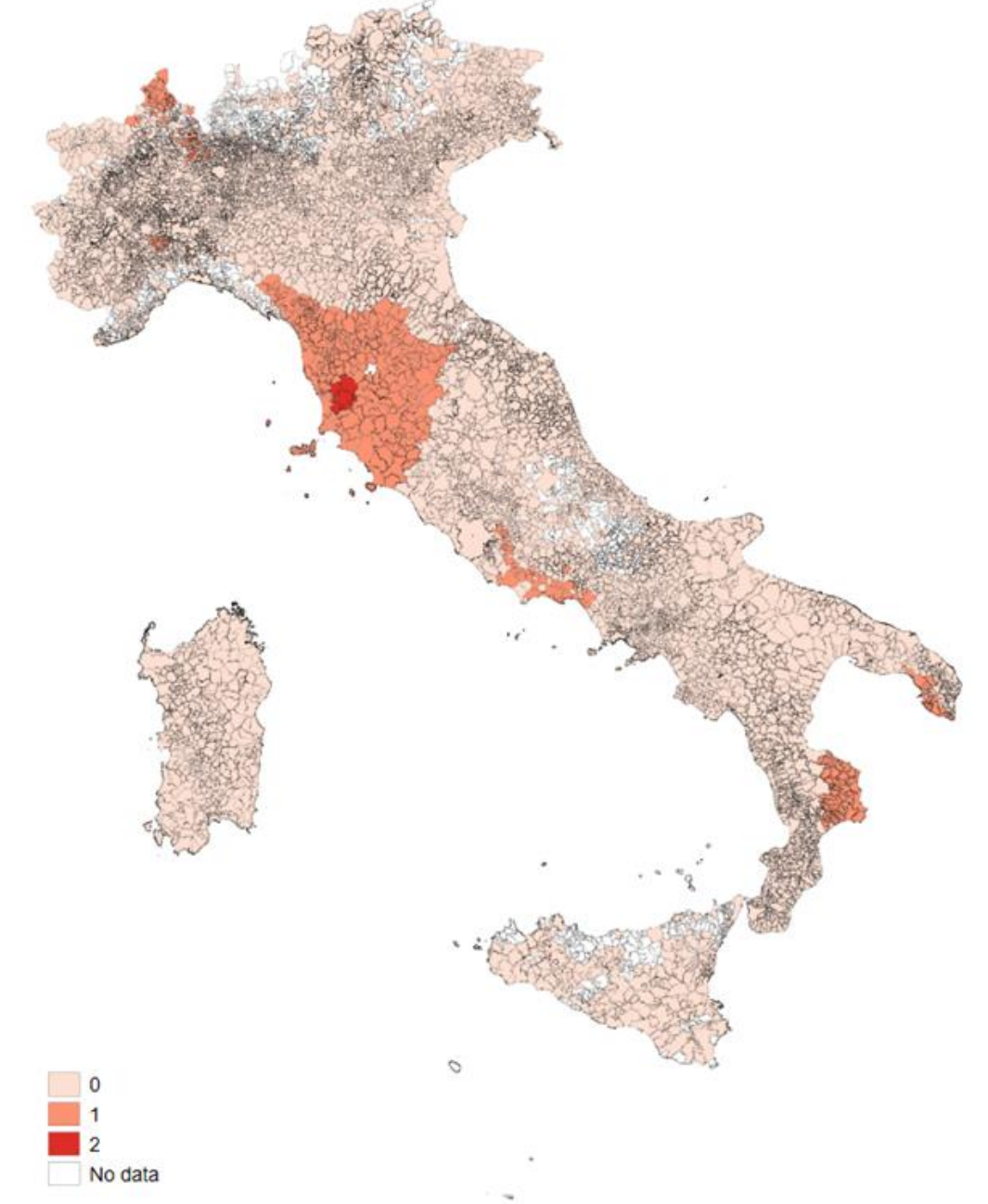
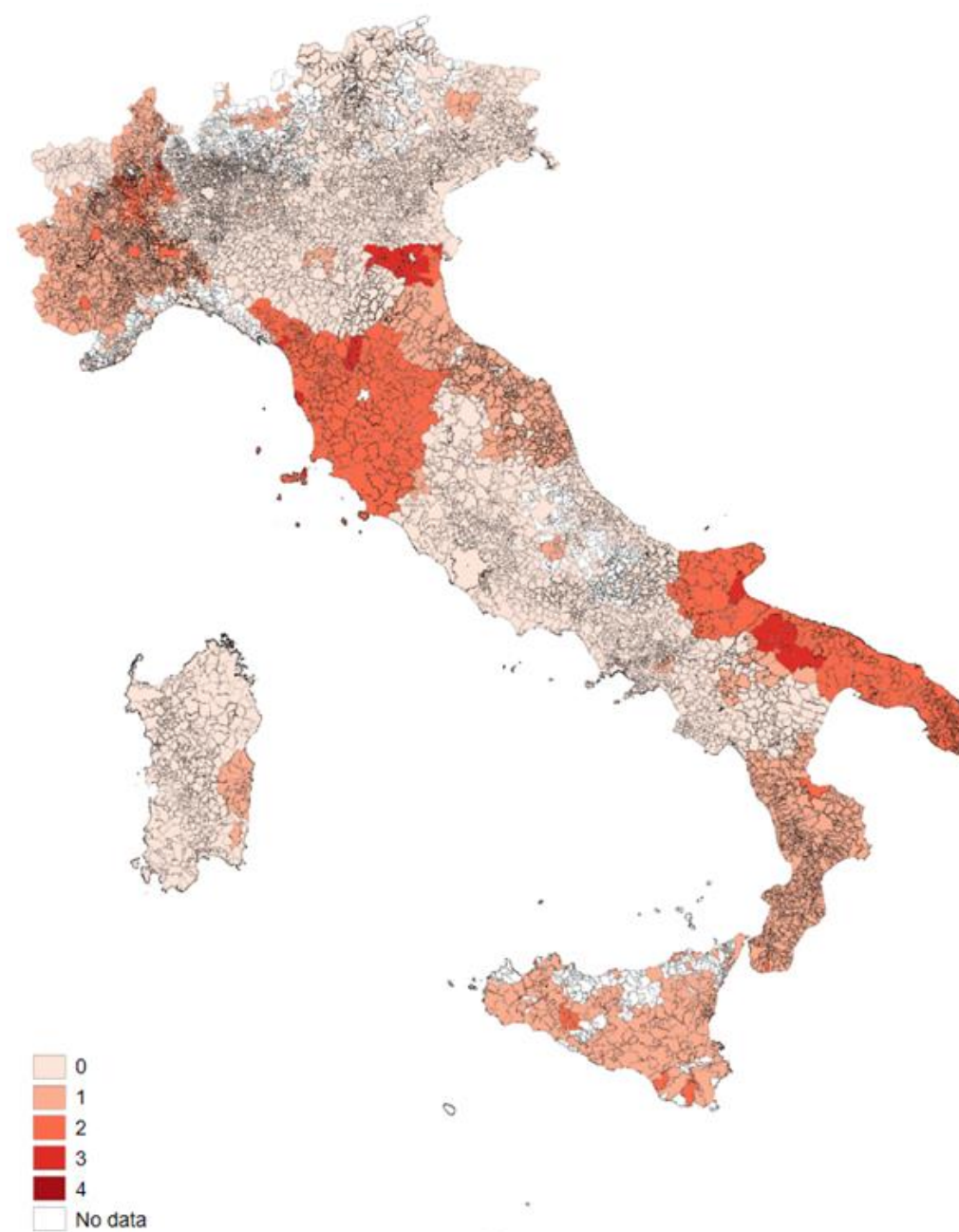
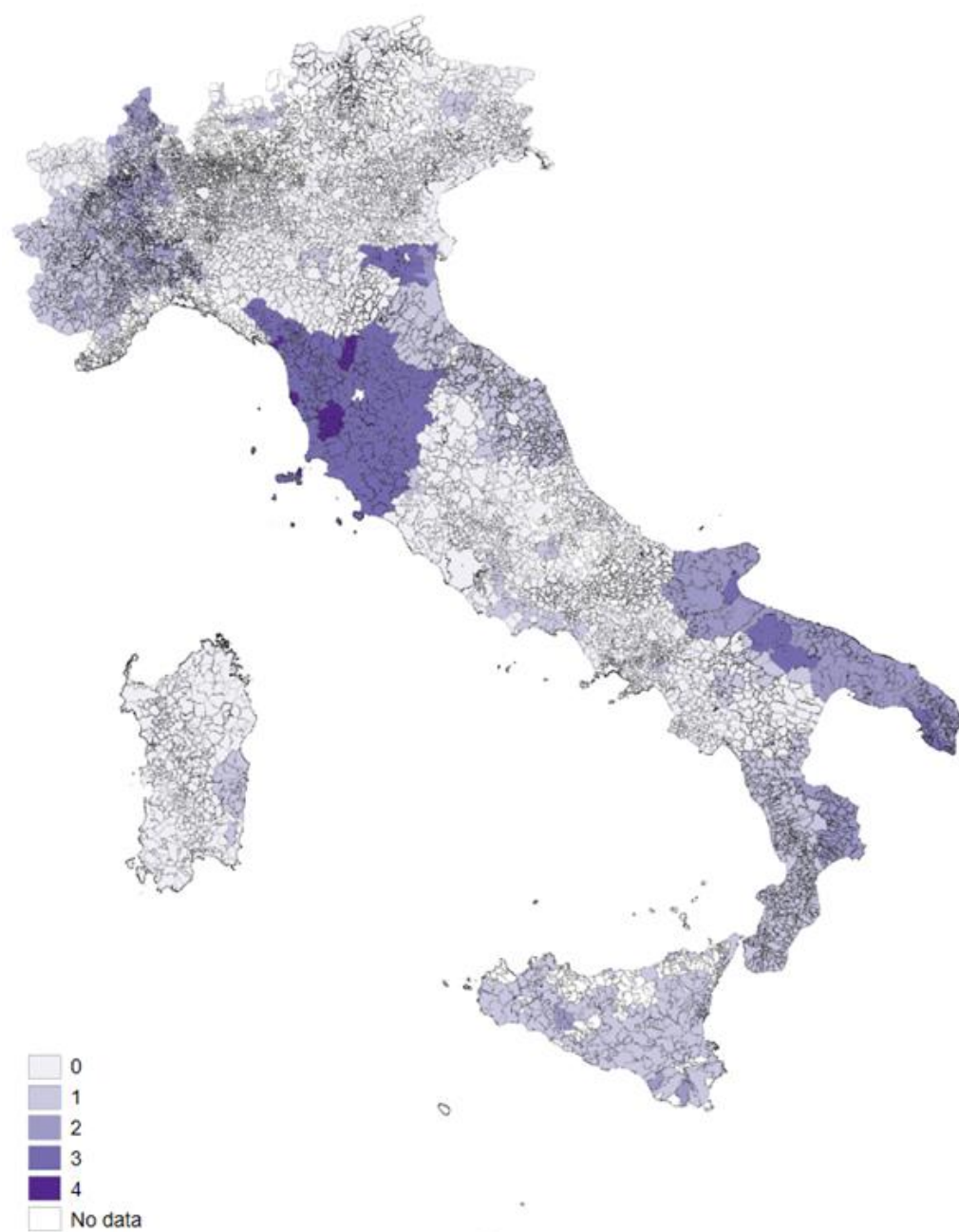
3.1.1 new participation in quality schemes

Total expenditure



Share FEASR on total public expenditure





GIs growth rate 2013-2019

GIs - PGIs - PDOs

OpenCoesione

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Istat

Data at municipality level

Geo-reference database on GIs

Municipality-year level database

Data

Effect of sub-measure 3.1.1 (new participation in quality schemes) on Gl's growth rate

$$Gls_i = \alpha + \beta_1(FEASR_i) + X_i + \varepsilon_{ij}$$

$$Gls_i = \alpha + \beta_1(PublicFunds_i) + X_i + \varepsilon_{ij}$$

- Gl's the growth rate of Gl's (Food, Wine) in the municipality between 2013 and 2019
- FEASR_i is the log transformation of the total amount of FEASR expenditure in sub-measure 3.1.1
- PublicFunds_i is the log transformation of the total amount of public expenditure in sub-measure 3.1.1
- X_{ij} is the control matrix with
 - Agricultural controls (municipality level): agricultural land intensity, agricultural land diffusion, employment intensity, big farm (>100 ha; share), family farms
 - Territorial controls (municipality level): population density, elderly population rate, employment rate, agriculture employment, Rural areas (RSN classification), Lessdevelopmentregions (Cohesion policy classification), Inner areas (SNAI classification)

	GIs (1)	GIs Food (2)	GIs Wine (3)	GIs (4)	GIs Food (5)	GIs Wine (6)
FEASR	0.017*** (0.002)	0.015*** (0.003)	0.0001*** (0.0002)			
Total public funds				0.014*** (0.002)	0.012*** (0.002)	0.0001*** (0.0002)
Agricultural controls	✓	✓	✓	✓	✓	✓
Territorial controls	✓	✓	✓	✓	✓	✓
Rural areas (RSN classification)	✓	✓	✓	✓	✓	✓
Less development regions (Cohesion policy classification)	✓	✓	✓	✓	✓	✓
Inner areas (SNAI classification)	✓	✓	✓	✓	✓	✓
Observations	49,895	49,895	49,895	49,895	49,895	49,895
Municipalities- cluster	6,571	6,571	6,571	6,571	6,571	6,571

Effect of GIs on sub-measure 3.1.1 (new participation in quality schemes)

$$FEASR_i = \alpha + \beta_1(GI_{si}) + X_i + \varepsilon_{ij}$$

- FEASR_i is the log transformation of the total amount of FEASR expenditure in sub-measure 3.1.1
- GI_{si} is the number GIs (Food, Wine) in the municipality in 2013
- X_{ij} is the control matrix with
 - Agricultural controls (municipality level): agricultural land intensity, agricultural land diffusion, employment intensity, big farm (>100 ha; share), family farms
 - Territorial controls (municipality level): population density, elderly population rate, employment rate, agriculture employment, Rural areas (RSN classification), Less developed regions (Cohesion policy classification), Inner areas (SNAI classification)
- ε is the error term

	FEASR (1)	FEASR (2)	FEASR (5)
GIs	-0.071*** (0.007)		
GIs Food		-0.079*** (0.008)	
GIs Wine			0.001 (0.019)
Agricultural controls	✓	✓	✓
Territorial controls	✓	✓	✓
Rural areas (RSN classification)	✓	✓	✓
Less development regions (Cohesion policy classification)	✓	✓	✓
Inner areas (SNAI classification)	✓	✓	✓
Observations	1,683	1,683	1,696
Municipalities - cluster	1,570	1,570	1,582

Future steps

Methodology

Quasi-experimental methods at the territorial level

Regression Discontinuity Design

Focus

Specific regions

Municipalities in different regions

FEASR, population decline and aging



- The rural population is significantly older than the urban population
- Investing in human capital is crucial as well as attracting new people from non-rural areas

For the 2014-2020 CAP programming period, the EC supported the farm and business development for **young farmers through the measure no. 6** (and in particular with the sub-measure 6.1).

For the future CAP (2021-2027), the EC has proposed to dedicate one of the eight measures specifically to the installation of young farmers and rural business start-up

Generational-renewal measures improved the performance of farm businesses, their resilience, and the transfer of farms **from the older to the younger generation**, but these measures are more likely to support the setting-up of young farmers' business, instead of encouraging farm succession.

4.1.2 investments in agricultural holdings: increasing competitiveness for young farmers

6.1.1 business start-up aid for young farmers

Thanks for your attention!

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