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Title

Public funds disbursement for the MAP sector: 2007-2013

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Abstract

This work aimed to explore the financial aid provided by the Rural Development Program (RDP) to the Piedmont Region (Italy) of the Medicinal and Aromatic Plants (MAP) sector during 2007-2013. Moreover, this work is a first step to increased knowledge in a field whose public and private operators claim a 'lack of information.' Specifically, an identification and analysis of the funds disbursed to specialized and unspecialized MAP farms at the regional and sub-regional (Province) levels was performed, as the RDP of the Piedmont contains no measures specific to the sector. Results showed that MAP farmers sought funds for agricultural asset (facility) modernization and for increased participation in food quality programs. Additionally, the farms received support through measures aimed to protect the agro-environment, especially for adoption of organic cultivation techniques.

Key words: MAP, public fund, Rural Development Programme, Organic, Piedmont Region

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Introduction

Primary production and consumption data demonstrate expansion of the MAP sector, which stems from an increased sensibility of processors and demand of final consumers for all things healthy, organic, or natural. This work collates and analyses public sector aid/funding data for MAP with an emphasis on organic production in an Italian region. This work is comprised of three parts: (i) a summary of the Medicinal and Aromatic Plants (MAP) sector at the national (Italy) and regional levels (Piedmont Region); (ii) a description of the structure (axes and measures) of the 2007-2013 Rural Development Programme (RDP) of the Piedmont Region; (iii) analysis of MAP specialized and unspecialized farm funding data disbursed by the RDP 2007-2013 at the regional and sub-regional levels. [A province in Italy is an administrative unit of municipalities within a region; the Piedmont Region is comprised of eight provinces.]

1. The MAP sector

According to Eurostat 2010 data, MAP are cultivated on more than 36,000 farms, of which the largest three are Bulgaria (22%), France (18%), and Poland (13%) over approximately 234,000 ha (Bulgaria has 31%) throughout the EU plus Norway and Switzerland [1]. Indeed, across Europe, MAP organic production has increased such that the retail sales value of 2013 organic farm-produced MAP is approximated 6B dollars [2]. In both the Piedmont Region and Italy, the sector has also expanded (to 6M euros) in primary production and consumption as the following data describe. MAP farms enlarged during 2000-2010, as

evidenced by a growth in MAP surface coverage coupled with a decrease in farm number. In fact, the 2000 median farm size of just 0.55 ha grew to 2.45 ha within a decade (2010). MAP in Italy cover 7,191.0 ha (41% organic) and are represented on more than 2,931 farms; 12% of the area and 8.5% of the farms lie within the Piedmont Region [3]. The total number of Piedmont farms with MAP is 248, of which 105 (42%) are specialized and cover about 870 ha (616.7 ha on specialized farms) [3]. Total Piedmont annual production (standard production according to EC Regulation No. 248/2008) is more than 40.4 t, with 14.5 t (36%) coming from specialized farms [3]. Mint (*Mentha piperita* Mitcham) is the prominent species cultivated in the region. At both the national and regional levels, the sector exhibits weak farmer and commercial organization with a simultaneous high production quality [4].

2. The Rural Development Programme 2007-2013

The RDP lies within the broad context of the European Union (EU) Agricultural Policy (CAP) and, for the past planning period 2007-2013, has its legislative basis in (EC) Council Regulation 1698/2005 on rural development. Since its inception, CAP has been divided into two principal areas: (i) structural policy and (ii) pricing policy and markets (market and income support). Over the years, structural policy changed from one focused almost exclusively on action to one centered on modernization of farm structures with the objective to reduce production costs and improve the competitiveness of EU agriculture products. The policy expansion translated into support through funding to develop rural areas. Development of a rural policy stems from the fact that about half of the EU population lives in rural areas. Moreover, “Whilst Member States compose their programs (national and/or regional) from the same list of measures, they have the flexibility to address the issues of most concern within their respective territory reflecting their specific economic, natural and structural condition [5].” As the operative tools of a policy that acted primarily by grants or loans [5,7,], RDPs were structured with strategies distributed among four axes: i) improving the competitiveness of the agricultural and forestry sector; ii) improving the environment and countryside; iii) improving the quality of life in rural areas and diversifying its economy; iv) developing leaders at the local level. Each axis, identified with a Roman numeral and specific description, represented ‘a coherent group of measures with specific goals’ [5,7].

3. Financial support for the MAP sector in the Piedmont Region

Analysis of the financial support to MAP farms in the Piedmont Region during RDP 2007-2013 was performed using data extracted from regional Agricultural Census 2010 – Data Warehouse and RDP 2007-2010 Piedmont Region – Data Warehouse [3,8]. The data included measures related to not only MAP farms, but also contained measures for farms with MAP. This work limited its

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consideration to axis I measures 112, 114, 121, 123, 124, and 132 and axis II measures 211 and 214 because only they resulted in fund support to the sector (Table 1). Table 2 provides a synthesis of the total funds issued to farms with MAP, whether specialized or not, respectively, for axes I and II [3,8]. The table also highlights the three main steps to rural support pay-outs: ‘requests presented,’ ‘requests approved,’ and ‘requests paid.’ Results showed that the total paid support approximated 4.4M euros (f), of which 61% related to axis I and 39% to axis II (h). For axis I strategies, 194 (a) requests were presented, which focused primarily on measures 121, 123, and 112 and totalled about 15M euros (b). Only 164 (c) of these requests, totaling 3.5M euros were actually approved, representing just 23.0% of the expenditures requested. Ultimately, 145 requests (e) obtained support in the amount of 2.6M euros (f) to support measure 121 (57.0%), measure 112 (23.5%), and measure 123 (11.3%) (g). Axis II data referred to measures 211 and 214,

which resulted in a total support pay-out of 1.7M euros (f) for the two measures distributed at 61% and 39%, respectively. An analysis of the support to specialized farms with MAP was also conducted (Table 3). Total paid support equalled approximately 2.3M euros (f), with a 70% and 30% split to axes I and II, respectively (g, h). More than half of the support paid for axis I strategies related to measure 121, and 80% of axis II payments were targeted at measure 214. Measure 214 was comprised of a set of eight sub-measures broadly described as 'agro-environment payments'. These sub-measures offered diverse targets, such as increased use of specific techniques (integrated and organic), broader local breed protection, enhanced protection of rice field biodiversity, and others [5,6]. No data was provided on payment amounts. Table 4 lays out the sub-measure specifics for measure 214. There were 63 requests funded (a) and the area that correlated to these strategies totalled approximately 2,470 ha (b). Within this group, 30 funded requests were from farms with MAP that almost exclusively (n=28 or 93%) targeted 'organic production' (sub-measure 214.2). These organic farms covered about 400 ha [3,8].

Analysis of both specialized and unspecialized farms in the Piedmont MAP sector found they received a total of 4,074M euros for 66 requests, of which 36 came to Alessandria and 14 to Cuneo. Across the region, Alessandria, Cuneo, and Torino provinces received the largest amounts at 50.5%, 17.4%, and 13.6%, respectively [3,8]. Of the funded strategies, measure 132 represented more than 50.0% of those. In the cases of measures 211 and 214 (axis II), Alessandria received the largest support amount by far due to its relatively fewer, but larger, funded requests. Specifically, in the case of measure 214, Alessandria garnered 54.5% of requests and 80.2% of the funds, and while the number of requests for Cuneo and Torino were many, the total amount approved was much less [3,8]. Last, data analysis allowed observation of support distribution by altitude (mountain, hill, plain). In general, the hilly areas captured the main portion of support for axis I measures (33.3% of measure 123 and more than 40.0% of other axis I measures), while axis II measures predominated in the plain with the 211 and 214 receiving 35.6% and 54.3% of funds [3,8].

Conclusion

Analysis of the 2007-2013 RDP of the Piedmont Region made it possible to observe farms with MAP that had received more than 50% of their total payments for axis I, measure 121: modernization of agricultural holdings, participation of farmers in food quality schemes and use of advisory services by farmers. Of crucial importance to the MAP sector (§1) are actions that enhance production valorization, a broad category that falls under agro-environmental measure 214. Moreover, almost all funded 214 requests focused on adoption of organic cultivation techniques or sub-measure 214.2. Data showed that the most supported provinces in the Piedmont Region were Torino, Cuneo, and Alessandria. Financial supports were directed via measure 121 mainly to farms in hilly areas that are considered 'traditional areas for MAP cultivation', while measures 132 and 214 primarily supported the plain.

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