

*This series of informative fiches aim to present, in summary, examples of practices and approaches that EU Member States and Regions have put in place in order to implement their Rural Development Programmes in the current period. These examples want to contribute to the understanding of what has worked well and less well in the delivery of the 2007-2013 RDPs and as far as possible, draw lessons in the view of future improvement of the programmes.*

## Strengthening an association for providing machinery services to farmers in mountain areas - Italy



### BACKGROUND AND SCOPE OF THE PROJECT

The province of Bolzano, in the upper part of Northern Italy, is an Alpine area with many small farms, remote settlements, but also intensive agriculture (e.g. high-value orchards and vineyards). Farming in this area requires an intense and optimised machinery work.

The majority of small farmers living in the area do not have adequate financial and technical resources to farm. As a result, they risk losing the fruits of their activity due to delay in undertaking certain activities and the lack of efficient equipment. This, in turn, contributes to farm and consequently land abandonment, and to various negative social and environmental impacts (unemployment, land degradation, increased hydro-

geological risks, etc.).

The practice of sharing some machinery services among farmers started spontaneously in the mid-60s in single villages and gradually spread, until distinct groups of farmers were set-up almost in every part of the province in the late 80s. In 1987 this practice involved 712 farmers.

The approval of the national law No 97/1994, concerning new provisions for mountain areas, was an important step to encourage farmers' co-operation. In particular, articles No 17 and 18 of the law introduced, for the first time, the possibility of exchanging services among single farmers in mountain areas, within a set of limitations and fiscal incentives. Livestock, arable and forestry farms could benefit from such provision.

This enabled the "Maschinenring" movement to become more structured. The 12 small groups gathered around six mid-size associations, namely MaschinenringPustertal; MaschinenringBezirkBozen; MaschinenringEisacktal/Wipptal; MaschinenringBurggrafenamt; MaschinenringVinschgau; and MaschinenringUnterland/Uberetsch. In 2003 an additional step was undertaken and the six associations created an umbrella Maschinenring association, with the aim of improving the provision of services to farmers.

Services can be exchanged only among members of a given "Maschinenring" group and, in order to comply with the requirements of the Italian law No 97/1994, there must be a complementarity relationship between farm income and income deriving from machinery services (the latter cannot exceed the first, and there is an absolute, upper limit of € 20 800/year).

**EU Member State:** Italy

**Keywords:** Competitiveness of Agriculture & Forestry; Promoting innovation; Resiliency of mountain areas

**Specific Location:** Bolzano Province

**Main beneficiary/ies:** Private Farmers, NGO

**RDP Measure(s):** Measure 115: Setting up of management, relief and advisory services

**Funds Allocated:** Total cost: € 240 000

    EAFRD: € 88 000

    Private contribution: € 40 000

    National contribution: € 112 000

**Implementation Period:** 01/01/2009 - 31/12/2010

Even though the six associations remained active in their territories, the creation of the umbrella association enabled to make the management of the services offered more effective.

Nevertheless, the creation of the umbrella association required a more efficient and solid management structure, having to deal with the services offered in the entire province and not only at local level.

**The main aims of this project** were to better promote co-operation among farmers in the province and strengthen the umbrella Maschinenring association, whose approach had already proved to be beneficial for farmers in the area.

**Specific objectives were:**

- ⇒ Increasing the number of farmers participating to the machinery-exchange system.
- ⇒ Reducing the cost needed for executing machinery interventions on crops.
- ⇒ Ensuring the provision of specialised machines in a difficult context (mountain areas).

**The expected benefits** were mainly related to the opportunity to offer these “relief services” to the highest number of farmers possible, potentially embracing every mechanised operation they needed in order to properly manage their farm. The extension of the relief services as well as the availability of machinery, especially relevant for small farms, was expected to reduce also the abandonment of farming activities, with positive effects on the economic development and the protection of the environment of the area.



## DEVELOPMENT AND PLANNING

The development of the initiative was gradual, and followed a typical “bottom-up” approach. The no-profit umbrella association operating at provincial scale was promoted in 2003 by the six local groups that were already operating for enabling the exchange of machinery work.

The decision to set-up a common association was also supported by local administrators and politicians, that deemed appropriate to deal with just one association to properly implement development policies and programmes, therefore saving time and red tape compared to dealing separately with the six local groups that were already in place. The new born umbrella association was meant to be managed like the already existing local groups, with limited economic and human resources (each group employs in average 2-3 people), method which proved to be effective for running them.

The development of this structure was driven by the identification of additional needs from farmers and the decision to invest more resources in this set-up was reinforced by the good improvements obtained, with particular reference to the six years after the creation of the umbrella “Maschinenring”. The increased number of farmers joining the associations (approximately 5 000 farmers/foresters were members of the association in 2009, prior to the project’s implementation) as well as the need to improve the management of services, brought to the idea to apply for M115 to strengthen the organisational and physical structure of the umbrella association, to consequently improve the quality of the services offered. Another expected outcome of the implementation of M115 was to increase the overall visibility of the Maschinenring association at a wider scale.

No major risk linked to the implementation of the project in the 2007/2013 period appeared at stake, because the past experience had shown that demand for such initiative was growing, with local farmers increasingly interested in joining the model brought about by the association. Nevertheless, to significantly enlarge the members’ base of the association remained an important challenge.



## IMPLEMENTATION OF THE PROJECT

The project enabled to cover the costs for setting-up the head-office of the umbrella Maschinenring association in Bolzano, to properly assist the six local 'Maschinenring' groups in order to improve their management as well as purchase relevant office equipment. In addition, the project financed a large part (50%) of the operating and management costs of the umbrella association, for two years (2009-2010).

The project had a two-side approach. On one hand, it facilitated the sharing of valuable information among the six district groups, training and updating of their employees, coordination of the decision-making process and management at both local and provincial levels.

On the other hand, the project helped the umbrella "Maschinenring" association promoting partnership, participation and involvement of a higher number of farmers and improving the quality of the services offered.

Furthermore, an online booking system was set-up, which at present covers on average 10% of the total requests of services.

To access the Maschinenring service, a farmer can contact either the umbrella association, or one of the six local groups, and pay a small lump sum (approximately €90) the first time that he/she enters the association. An yearly fee (approximately €40) is needed to keep relying on the Maschinenring's various services.

Thanks to the support from the project, the umbrella association could also increase the range of services provided to members, including consultancy on machinery selection and on their use and assistance to farmers with bureaucratic issues. Furthermore, the umbrella association contracted with other service providers (e.g. insurance companies, machines companies) special conditions and offers, which members can have access to and benefit from.

Training and awareness-raising activities, other than supporting direct contacts between members, were constantly organised by the provincial Maschinenring, such as workshops, presentations at the technical high schools active in the province. Nevertheless, face-to-face conversations at the association's offices continue to be the main tool for contacting farmers and stakeholders and engaging them.



## RESULTS OF THE PROJECT IMPLEMENTATION

Important result of the project implementation was the increased number of farmers who joined the Maschinenring groups: from 5 000 to 6 000 members in two years. The support of measure 115 fostered in a significant manner the development of the Maschinenring model for exchanging machinery services among local farmers. It was noted that the possibility to have face-to-face conversations with the farmers who are providing or may provide the services was an important key element to convince new farmers to join the association. On the other hand the creation of an online platform where services can be booked was an important result of the project in terms of improvement of the range of services offered.



Furthermore, the umbrella association created in 2009 the for-profit firm SAM, which provides various machinery services to local authorities (e.g. municipalities), such as cleaning roads and bicycle lanes from snow, mowing green areas, maintenance of woodland areas, etc. This has proved to be a win-win solution, because farmers can further exploit their equipment (reducing depreciation costs), and local authorities can find a convenient and easy-to-call service for carrying out highly needed maintenance works.

From a qualitative point of view, this experience has produced important key results:

- ⇒ The provision of machinery services proved to be of critical importance for maintaining and/or improving the competitiveness of small farms in mountain areas. This, in turn, has slackened the negative trend that saw many such farms closing down in recent years;
- ⇒ The Maschinenring model greatly helped older farmers, that could not anymore make direct use of equipment on their land due to physical limitations; this had in general a similar effect to the one mentioned above;
- ⇒ The project enabled the “receiving” farmers to make use of a wider machine/equipment range compared to the previous situation. This meant also the use of highly specialised tools, that proved to be beneficial for introducing innovations in farming practices (e.g. using machines that combine sowing and herbicides spraying);
- ⇒ For farmers providing the service to others, the project helped to make a larger use of their equipment, therefore decreasing its depreciation costs, and finding an opportunity for diversifying their income sources. In this way, it provided additional activity and jobs at local scale, therefore again easing the permanence of farmers on site;
- ⇒ At a wider scale, improvements were noticed in safety conditions of the farm sector. Replacing older machines with new and safer equipment meant a reduction in the risk of farmers’ injuries.

The only negative note was represented by the lack of request by local farmers for “relief” services, different than machinery but more related to farm management. Demand for such services is low both in small and in medium-large farms, although for very different reasons. According to interviewees, in small farms owners tend not to need such services due to the limited size of their farm; in larger firms the entrepreneurs do not like to have outsiders enter their business. In the future this may change, but this kind of cultural resistance appears still strong in this area.





## LESSONS LEARNT

### Factors that contributed to the success of the project:

- ⇒ The existence of strong co-operation spirit in the project area, developed thanks to the spontaneous activities undertaken by farmers since the 80s.
- ⇒ The existence and positive functioning of local groups that were already practicing the exchange model that measure 115 wished to promote and extend.
- ⇒ The existing legal framework, enabling special provisions for mountain areas.
- ⇒ The bottom-up, “low-profile” approach to promote the Maschinenring model among the farmers, strongly based on direct communication between association and farmers as well as on farmers’ needs.

### Factors that impeded the success of the project:

- ⇒ No major factors can be highlighted in terms of obstacles, because the project proved indeed to be a success. However, the project did not record cases where a complete relief service was provided, as already described above. This is mainly due to a cultural resistance by local farmers, who usually do not like external people to enter in such an active way in their own properties.

### Resolution of problems/difficulties:

- ⇒ The only problem encountered in the implementation of the project was the threshold set by the de minimis rule (Reg.(CE) No 1998/2006). According to this rule the association cannot apply for more funding because it has reached already the maximum limit of €200 000 that can be received from public funding. Such limit, according to the interviewees, should be increased in case of mountain and/or disadvantaged areas.



## WHAT'S NEXT?

The Maschinenring local groups as well as the umbrella association continue to work and be popular, also after the end of the public financial support. The number of members increased from 6 000 at the end of 2010 to 8 000 at the end of 2013, which count for 40% of the total farmers in the Bolzano Province.

The Maschinenring model retains a strong demonstration potential: local groups can be enlarged, also thanks to the umbrella association, to attract new members, therefore involving a larger slice of the existing farmers’ population. The for-profit firm SAM, set up in 2009, represents an important opportunity both for farmers, to have additional sources of income, and the association itself, which is less dependent from public subsidies. Furthermore, the services offered by SAM are also convenient for the local authorities.

The Maschinenring experience is likely to be repeated in the bordering province of Trento, where an important Farmers’ association (Coldiretti) is currently promoting an awareness-raising campaign about it. Taking into account the similarities between the two areas (both being mountain areas with strong cooperative sector) the actual start of such initiative should soon take place.

Outside of the areas where the national law No 97/1994 can be applied, the Maschinenring model severely depends on legal constraints. There is currently no legal framework enabling the set-up of a similar system outside mountain areas, but the Maschinenring experience shows that it can represent the solution to many problems affecting also hill areas.

The project is financially sustainable due to reduced operating costs and time savings, which, together with the simple and flexible management approach, allows the Maschinenring association to maintain and/or increase its activities.



## SUMMARY

The umbrella Maschinenring association that oversees the work of six district groups for promoting and facilitating the exchange of machinery services among farmers applied for M115 in order to set-up its head-offices and further promote its activities. Overall results of such effort were very positive, leading to a significant increase in the number of mountain farmers involved in the exchange system.

### *Tips/lessons related to beneficiaries:*

- ⇒ Setting-up associations represents a key step for easing operational administrative burdens and exploit all the chances that national and EU legislation makes available.
- ⇒ This is particularly true for mid-to-large scale associations that can more easily deal with political and administrative representatives, therefore creating new development opportunities for the involved sector and operators.
- ⇒ Keeping a “down-to-earth”, simple approach to the management of such associations can be of vital importance for ensuring closeness to the members and the capacity to properly respond to the associates’ needs.

### *Tips/lessons related to managing authorities and other public sector actors:*

- ⇒ Always pay attention to bottom-up initiatives that arise in your administrative territories, and figure out ways to sustain them with the available tools (norms, fiscal incentives, etc.).
- ⇒ Fund a wide array of initiatives in order to promote a given service, but keep in mind that the “human factor” remains of critical importance for ensuring their success in mountain areas, where cultural resistance to innovation is often large.
- ⇒ Whenever a positive attitude towards co-operation exists (either for historical and/or economic reasons), try your best to build on it and properly exploit it, promoting the set-up of new services and initiatives.
- ⇒ This example shows that a national law introducing more flexibility in the management of services in disadvantaged areas can have very positive impacts. Taking into account the severe problems faced by rural activities in many other areas, a similar approach may be introduced elsewhere to properly cope with other strong rural challenges.