The Rural Development Programme (RDP) of the Lombardy region has budgeted for 2007-2013 total public expenditure of €1 billion (European Agricultural Fund for Rural Development and Member State contribution). During the period 2007 to 2012 total public expenditure was €650 million (see figure 1).

**Axis 1** – (Improving the competitiveness of the agricultural and forestry sector) has utilised 62% of its allocated budget.

**Axis 2** – (Improving the environment and the countryside) has used 72% of its programmed expenditure.

**Axis 3** – (Improving the quality of life in rural areas) has spent nearly 50% of its budget.

**Axis 4** – (Leader) has utilised around 20% of its programmed expenditure.

**Axis 1 - Improving the competitiveness of the agricultural and forestry sector**

Axis 1 places an emphasis on the Modernisation of agricultural holdings (M121), allocating to this measure almost 54% of the overall budgeted funds for Axis 1. Analysis of the expenditure rates per measure up to 2012 shows that:

- Four measures have utilised 70% or more of their allocated expenditure, namely:
  - Modernisation of agricultural holdings (M121), 71%
  - Setting up of young farmers (M112), 89%
  - Restoring agricultural production potential (M126), 99%
  - Information and promotion activities (M133), 100%.

- Three measures have realised 50-70% of their planned budgets:
  - Adding value to agricultural and forestry products (M123), 53%
  - Improvement of the economic value of forests (M122), 63%
  - Setting up of management, relief and advisory services (M115), 67%.

- Five measures have realised 25-50% of their planned budgets:
  - Cooperation for development of new products, tec. (M124), 26%
  - Early retirement (M113), 28%
  - Vocational training and information actions (M111), 33%
  - Infrastructure related to the development and adaptation of agriculture (M125), 39% and
  - Participation of farmers in food quality schemes (M132), 49%.

- Up to 2012, minimal expenditure has been recorded for Use of advisory services (M114).

Figure 3 indicates the progress of the total public expenditure on the most important measures of Axis 1 against the 2007-2013 targets, in comparison to the National level.
Measure 121 project example: Organic Food Processing Business / Italy - Lombardia

EAFRD assistance has been used by the Cascina Caremma farm in Lombardia to diversify its agricultural activity. The project consisted in the construction of a multipurpose plant for processing fruit, pasta, bread and cheese. It helped shortening the chain of processing local products within the farm and increasing the local produce and its sales. The farm also runs a SPA and a shop selling the products of the farm, offers educational programmes to schools, and produces renewable energy.

As the farm is located within a protected area and the farmer is a committed ecologist he uses resources in an environmentally friendly way, leading to growth of the income growth and of employment (10 permanent employees).

The total cost of the project was €260,000, out of which €91,000 was EAFRD contribution, and €169,000 private contribution.


Axis 2 - Improving the environment and the countryside

Axis 2 focuses on Agri-environment payments (M214) and First afforestation of agricultural land (M221). The two measures represent the majority of the Axis 2 expenditure (see figure 4). Together they have been allocated nearly 34% of the total budget programmed in the Lombardia RDP for 2007-2013.

- Three measures have utilised 70-90% of their allocated expenditure, namely:
  - Agri-environment payments (M214), 71%
  - First afforestation of agricultural land (M221), 85% and
  - The Natural handicap payments to farmers in mountain areas (M211), 87%.
- Non-productive investments – agriculture (M216) has used 46% of its allocated budget.
- First afforestation of non-agricultural land (M223) has utilised 41% of its allocated budget up to the end of 2012.
- Finally, Restoring forestry potential and introducing prevention actions (M226) has used 40% of its budget.

Figure 5 provides an indication of the progress of the total public expenditure on the most important measures of Axis 2 against the 2007-2013 targets, in comparison to the National level.
Axis 3 - Quality of life in rural areas and diversification of the rural economy

Axis 3 of the Lombardia RDP focuses on Diversification into non-agricultural activities (M311) and Conservation and upgrading of the rural heritage (M323), which together represent nearly 77% of the Axis budget.

When comparing the expenditure rates per measure up to 2012 it is observed that:

- The Support for business creation and development (M312) has utilised 82% of its allocated budget up to the end of 2012.
- The following measures have spent between 50-55% of their programmed budgets:
  - Diversification into non-agricultural activities (M311), 53%
  - Conservation and upgrading of the rural heritage (M323), 50%
- Basic services for the economy and rural population (M321) has utilised 38% of its allocated budget.
- Training and information (M331) and Encouragement of tourism activities (M313) have spent respectively 36% and 27% of their allocated budgets.

Figure 7 provides an indication of the progress of the total public expenditure on the most important measures of Axis 3 against the 2007-2013 targets, in comparison to the National level.

Axis 4 - Leader

The Leader Axis in the Lombardia RDP has allocated budget of approximately €46.5 million out of which €9.5 million has been spent by 2012. Within the Axis, emphasis has been given to Quality of life/diversification (M413) which has been allocated the largest share of funds.

- As shown in figure 8, Running the LAG, skills acquisition, animation (M431) has utilised 84% of its programmed expenditure.
- Competitiveness (M411), Quality of life/diversification (M413), Environment/land management (M412) have spent 10-15% of their budgets.
- Implementing cooperation projects (M421) has not recorded any expenditure up to the end of 2012.
Figure 9 provides an indication of the progress of the total public expenditure on the most important measures of Axis 4 against the 2007-2013 targets, in comparison to the National level.

Summary

✓ Within the first six years of its implementation, The Lombardia RDP has utilised 63% (see figure 10) of the total public expenditure planned for the current Programming Period (post Health Check and the European Economic Recovery Package modification).

✓ Agri-environment payments (M214) is the measure with the highest allocated budget in the Lombardia RDP. Up to 2012, it has utilised 71% of its available budget and represents 30% of the total public expenditure of the programme.

✓ Modernisation of agricultural holdings (M121) has the second largest measure budget in the Lombardia RDP and the utilised expenditure is 71% of its allocated funds. M121 represents 23% of the total public expenditure of the programme.

✓ The third largest measure budget is for First afforestation of agricultural land (M221) which has used almost 85% of its programmed total public expenditure and represents 10% of the total public expenditure of the programme.

Source of the data: 1) Programmed expenditures 2007-2013: RDP budget allocation following Health Check revision (December 2012); 2) Expenditures 2007-2012: DG AGRI 3) Output indicators data are available only at National level; therefore at regional level a comparison of financial implementation progress is provided between the regional RDPs.