



Generational Renewal

Country report – Italy

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Introduction

According to the last Agricultural census (2010) and the Statistical Survey about the Agricultural Structure and Production (2013), young farmers accounted for 8% of total farmers in Italy; differences were registered between regions, with 19% of young farmers in Veneto, 12% in Piemonte and 11% in Basilicata, Liguria and Lombardia; only 31% are women, which, even though increasing in number, continue representing a minority in the sector. Italian young farmers are mainly coming from farming families, with availability of land. They usually work in the sectors with the highest profitability (horticulture, fruit production, cattle breeding and pig farming). Young farmers are, on average, better educated: 13% have a university degree and 54% a secondary school certificate, but only 30% of them followed a specific agricultural education. The average size of young farmers' holdings is 16 hectares, compared to the 8 hectares of the national average. Farms run by young farmers are also in average more profitable than other farms, which allows to conclude that they are more productive, as the following table shows.

Standard output (€) per age class.

<=40 years	41 to 64 years	65 and older
62,721	37,677	16,151

Source: CREA and ISTAT

When looking at the land property, the situation is different with only 38% of land possessed by young farmers, compared to 54% registered for older farmers. Availability of land, besides, is one of the main problem young farmers face in Italy. The agricultural sector is, traditionally, based on small farms and the land market is stagnant, with people hesitant to sell. This reduces the availability of land in the market and contributes to keep high prices to rent land. This compromises the chances of successfully start a business for those young people who want to enter farming and do not have the possibility to inherit land¹. Access to credit and access to adequate advice are the other two main issues young entrepreneurs face. However, isolation of rural areas, lack of infrastructures and lack of services (internet, schools, transport, health and leisure services) represent other obstacles to generational renewal in rural areas.

A number of tools and instruments are available at national level to support young farmers and new entrants in agriculture. General aims of these tools are to support young entrepreneurs in the development of their business by helping them to get financial support, access to credit, land or advice and to receive relevant information. In the following pages the main tools available at national level are described. They are grouped in three main categories: those supporting the creation or the strengthening of new businesses; those facilitating access to land, advice and credit and those disseminating relevant information.

Policy tools

Strengthening or creating new businesses

The start-up aid envisaged by the RDPs is an important instrument of support for young farmers at national level. Sub-measure 6.1 is included in all 21 Italian RDPs. According to the target indicators reported by the regional RDPs, some 20,000 young farmers will receive financial support by the end of the programming

¹ PAC e giovani: Ricambio generazionale in agricoltura e interventi PAC, IT National Rural Network, <https://www.reterurale.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/18429>



period. The sub-measure has been activated in all Italian regions, as a single sub-measure or within a measures' package. Access to the start-up aid is subject to the submission of a business plan. However, in most part of regions the quality of the business plan is not taken in consideration in the selection procedures. Evaluating the business plan would imply to include, in the selection committees, members specifically trained to perform such a task. In relation to the procedure for the implementation, some regions included M6.1 within a measures' package. Six regions consider the measure package compulsory; nine regions envisaged the measure package as well as the possibility to apply only for M6.1; four regions do not envisage the measure package; the remaining two regions have published multiple calls with different rules (single application, measure package compulsory). When the measure package is foreseen, some indications are given for the measures to be included in it. The most common are M4, M1, M6.4. The state of play of this measure implementation at national level is considered overall positive, since all regions have published at least one call for applications. However, important differences are registered among regions, in terms of procedures, number of beneficiaries and financial support. These differences are considered as obstacles to fully achieve the objectives of the measure at national level. Better harmonisations of the rules at regional level might ensure better results and also avoid that different conditions apply to beneficiaries who live in different areas of the country.

The state aid system (SA. 50598 2018/XA) aims to support generational renewal at national level, by facilitating access to land for young entrepreneurs who want to start farming. In this framework, a call for applications has been launched in 2018. The call is articulated in two batches, based on geographical location: the first batch (35M€) refers to the more developed regions of the centre and north of Italy (12), while the second (35M€) refers to the less developed southern regions (Abruzzo, Basilicata, Calabria, Campania, Puglia, Sardinia and Sicily). The eligibility criteria are the same than those established for M6.1, including the obligation to submit a business plan. Beneficiaries of M6.1 are, however, excluded from this scheme. The aid is granted as an interest rate subsidy up to 70,000€, 60% of which is paid at the beginning of the amortisation plan and 40% after verification that the business plan was fully implemented. In case the business plan is not considered implemented, beneficiaries must pay the interest rate as it should be without the subsidy envisaged by the state aid scheme. This support can be combined with the support from other programmes (within the rules established by Reg. No 702/2014). Limits are established in terms of the investment to be realised within this support, which should be included between 250,000€ and 2M€. The support is eligible for lower investments in case of operations related to land consolidation. Until January 2018 36 applications within the first batch and 88 within the second were considered eligible for support. The aid scheme is managed by ISMEA.

The national law scheme to facilitate young farmer succession to old or retired farmers in agriculture was approved in 2016 (national law No. 154/2016 (art. 6)). This introduced a specific tool to support, on the one hand, the setting up of young farmers and, on the other hand, the process of generational renewal. This tool allows young people, single or associated, between 18 and 40 years of age, to work together with farmers older than 65 years of age or retired with the aim to transfer gradually the management of the farm to the young farmer. In this respect, the Government was given the mandate to adopt, in accordance with the European legislation on state aid, a legislative decree to establish the typologies of contracts to be used to facilitate the gradual transfer from the old farmer to the young one. The Budget Law 2018 included (art. 1, paragraphs 119 and 120) provisions to discipline these types of contracts and establishes also the main rules to implement the scheme and the eligibility conditions to access it. Three types of contract can be used during the transition period:



- i) Profit-pooling contract can be used only when the young farmers are associated in a cooperative or a company. This type of contract can be used only when the successor is legal person.
- ii) Creation of an agricultural holding between the old and the young farmers. In this case the young farmers is allowed to work in the farm.
- iii) Cooperation contract (*Collaborazione coordinata e continuativa*) which has all characteristics of a professional collaboration.

The succession of the young farmers is not considered compulsory by the law. It can happen that at the end of the contract the parts decide not to proceed to the transfer of the farm to the young farmers or it can happen that the contract is concluded before its natural deadline. In both this case, the young farmer must receive a compensation and the value of it has to be established in the contract.

Regardless the type of contract selected among the possible three indicated by the law, the following rules apply: i) the transition period cannot exceed three years; ii) the contract must envisage the young farmer's profit sharing; this should be a percentage between 30% and 50% of the profit; iii) the young farmer benefits from a purchase option, in case the old farmer decides, during the transition period, to sell his/her land; iii) the young farmer has to submit a business plan, which can include land improvement works, to the old farmer and, once this approved, both farmers will have as main objective the implementation of that plan; the business plan commits the old farmers to transfer his/her knowledge and expertise to the young farmer and the latter commits to actively contribute to the farm management; iv) young farmers participating in the scheme can also benefit, to access to credit, from the same facilities envisaged by the tool described in the following paragraph 2.3.

The support scheme for the creation of new enterprises was introduced by the Ministerial Decree No 140 08/07/2015, presented by the Ministry of Economic Development and the Ministry of Finance. The scope is to support enterprises set up from not more than 12 months and the creation of new ones. Only enterprises run predominantly by young people from 18 to 35 years of age are eligible to support. The scheme applies to specific areas in the entire national territory, namely rural areas with intensive agriculture, intermediate rural areas, rural areas with development problems, disadvantaged areas and areas Natura 2000. The scheme, managed by INVITALIA, supports new micro and small enterprises in the following sectors: craft, processing of agricultural products, provision of services to enterprises and people in rural areas, tourism, services for social innovation. Support is granted as interest-free loans up to 75% of the investment approved and it follows the rules of the "de minimis" regime.

The revolving fund to support self-employment is a tool managed by INVITALIA. It targets young people not older than 29 years, which have subscribed for the initiative "Young guarantee", funded by the National Operational Programme "Active policies for employment 2014-2020". This tool applies to specific rural areas in the entire national territories (rural areas with intensive agriculture, intermediate rural areas, rural areas with development problems, disadvantaged areas and areas Natura 2000). The support is granted for the creation of new enterprises in the following sectors: tourism; provision of services to the population; energy saving and renewable energy; craft; processing and marketing of agricultural products. Support is granted for investments from 5,000€ to 50,000€.



Access to credit, land and advice

Guarantee tools are introduced to facilitate access to credit for farmers, and particularly for young farmers. Access to credit is often more complicated for them than for other entrepreneurs, because guarantees they can provide are not considered adequate by banks. For this reason, in 2011 the Ministry of agriculture in cooperation with the Ministry of Economy and Finance approved a decree aiming at laying down some rules that could facilitate access to credit for farmers. According to this legislative act, ISMEA can support farmers in providing guarantees to the banks. ISMEA can offer four different options to farmers in terms of guarantees. This facilitates farmers, and particularly young farmers, to obtain loans and to have in general access to credit. Potential beneficiaries of this support must fill in the application, choosing among the four options envisaged that more suitable for their needs and situation.



Art. 16 of the National law No 154/2016 established *the National Bank for agricultural land*. Main objectives of this instrument are to reduce land abandon, support land consolidation and make available the land for new entrants in agriculture. The Bank is an inventory of the demand and offer of agricultural land, which become available because farmers retire or abandon farming activities and, as a consequence, the land. All information about the land - natural characteristics, available structures and infrastructures, sale conditions - are included in the national bank and can be consulted for free by potential buyers. Specific sale conditions are established for young farmers, which are not older of 41 years of age. Young farmers can pay by half-yearly or yearly instalments and the amortisation scheme can be developed in a period of maximum 30 years. This tool is managed by ISMEA, which is in charge to update the Land bank and to follow all sales procedures. More information at: <http://www.ismea.it/flex/FixedPages/IT/BancaDelleTerreAgricole.php/L/IT>.

A *scheme to facilitate better access to land* is implemented by ISMEA. Main objectives of this scheme are to support generational renewal and to increase the size of agricultural holdings, managed by young entrepreneurs, which started their activities within the six months before applying for support. The scheme applies to the entire national territory with some differences, in terms of maximum aid intensity and type of support between regions, justified by their different level of economic development. Financial support is granted to projects aiming to develop and strengthen agricultural holdings in terms of production, processing and marketing of agricultural products as well as diversification into non-agricultural activities. The scheme targets micro, small and medium enterprises run by young people between 18 and 40 years of age. Its main objective is to facilitate access to land and, to do this, it gives two possible options to young people: i) to take over a farming business, when the farmer is intending to leave the market; ii) to increase their business, if they have already one, by acquiring another farm, which is leaving the market. The farm to be acquired should have at least two years of activities and be viable. Its viability is evaluated revising the farm budgets for the last two years of activity, without considering the CAP financial support possibly received. This measure supports investments up to 1.5M€ to be implemented from 5 to 15 years. Activities eligible to support are: feasibility studies (not more than 2% of the entire budget); works aiming to improve the land and the agricultural practices, farm structures, costs related to planning permissions (max 40%); equipment and machinery (100%); land purchase (not more than 10%). Purchase of animals or plants, drainage operations, biofuels or biomass plants, purchase of second-hand equipment are not eligible to support. Support is granted as interest-free loans, up to 75% of the entire investments; in the southern regions (Abruzzo, Molise, Basilicata, Puglia, Calabria, Campania, Sicily and Sardinia) the support is granted as a non-repayable grant, up to 35% of the investment, combined with an interest-free loan up to 60% of the investment. For projects related to



diversification into non-agricultural activities, support is granted following the “de minimis” regime, up to €200,000.

Farm Lab is a pilot project with the aim to offer training activities tailored on the needs of young farmers. The project offers to young farmers the possibility to do a placement in another farm, based on their interests. The scope is to support knowledge and information sharing between farmers, which have already started their business successfully, and young farmers or new entrants. This project is meant also as a complement to the activities included within M1 of the RDPs and, in this respect, it can be considered also a support to the RDPs MAs.

The project envisages the creation of an on-line database of farmers, whose activities are considered successful in various areas, such as the introduction of innovative solutions, the improvement of farm management and organisation; the improvement of agricultural practices or production techniques. Farmers included in the database have agreed to host other farmers and to share their experience and knowledge within a set of agreed activities, that represent for the young farmers a complement to the training offered by M1. Young farmers beneficiaries of M1 can consult the list of farms and their characteristics in the online database and select those more suitable for their needs. This tool is implemented by ISMEA in the framework of the National Rural Network. More information at: <http://www.ismeamercati.it/osservatori-rrn/farmlab>

Disseminating information for your entrepreneurs

The Observatory of Youth entrepreneurship aims to collect relevant data and to investigate, from both the qualitative and quantitative point of view, on the main phenomena linked to the evolution of youth entrepreneurship in agriculture and on generational renewal. It is also an important repository of relevant information about support and tools available for young farmers. The Observatory is implemented within the framework of the National Rural Network. It is structured according to three main areas of interest: i) European and national tools dedicated to youth entrepreneurship; ii) repository of quantitative and qualitative information and data, collected by ISMEA, ISTAT, EUROSTAT, UNIONCAMERE, divided into European, national and regional level; iii) collection of good practices; this section offer the possibility to consult good practices referring to youth entrepreneurship but also to participate to the competitions organised by the National Rural Network to collect successful cases. <http://www.ismeamercati.it/osservatori-rrn/imprenditoria-giovanile>

