Report of Organic Action Plan Development and Progress
Unioncamere Lombardia

Working title of the Action Plan (including English language translation)	Organic action plan for Lombardy Region
Main body responsible *i.e. the lead stakeholder(s) developing and implementing the Action Plan e.g. regional government or agency, organic stakeholder.*	Union of the Chambers of Commerce of the Lombardy Region
Assisting bodies *i.e. other key stakeholders assisting developing and implementing the Action Plan*	Lombardy Region Directorate for Agriculture
Start and expected end dates of Action Plan development	April 2018 – March 2020
Expected implementation year	2018-2020
Expected running time (years)	2 years
Total expected funding for whole period (estimation)	European funds, national funds, regional funds – Not yet determined

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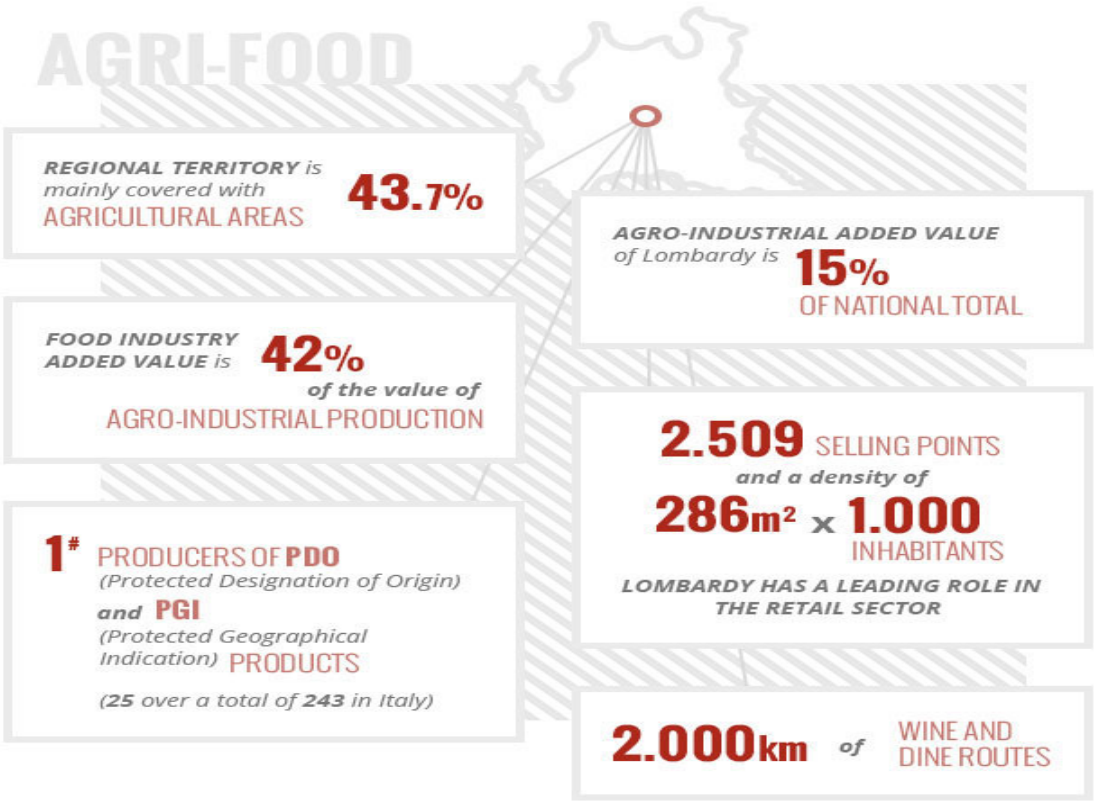


1. Introduction

The SME ORGANICS project previews visits by consortium partners and stakeholders of the different participating regions to the rest of the SME ORGANICS regions, in order to facilitate the exchange of experience and mutual learning.

2. Facts and Figures of the organic sector of Lombardy Region

2.1 Overview of the Agri-food sector in Lombardy Region

On the strength of its 57,000 farms and 8,000 alimentary firms, Lombardy tops the Italian agricultural sector, the activities of which cover 69% of the national territory. Lombardy also holds a prestigious position on the quality agro-food production front: 31 PDOs (protected designation of origin) and PGIs (protected geographical indication) products, 22 CDOs (registered designation of origin), 5 GCDOs (denomination of controlled and guaranteed origin) and 15 TGIs wines, no less than 248 traditional products, all selected on the basis of their processing, conservation and maturing procedures.

The agricultural sector plays an invaluable role in the entire region, not just from an economic point of view but also with respect to the protection, upgrading and improvement of the territory, contributing to the enhancement of its local and tourist identity.
In this framework the commitment of the Lombardy Region from 2013 to today, it is estimated in 1,7 billions euros for Agri-food system of Lombardy, within the new framework of the reformed CAP, and the enhancement and promotion of the EXPO2015 issues.
Some key figures about the agricultural sector in Lombardy are listed hereby:

- Agro-industrial added value of Lombardy is 15% of the national total Food industry, added value accounts for 42% of the total agro food industrial production value
- The area of Lombardy extends over 23.863 square km and is nearly 7.9% of national area: 43,7% of the regional territory is covered by agricultural areas
- Lombardy ranks amongst the first producers of Guaranteed products such as PDO (Protected Designation of Origin) and PGI (Protected Geographical Indication) Products (25 over a total of 243 in Italy)
- In the Lombardy region 2,000 km of wine and dine routes are present : 12 Routes are united in the "Federazione delle Strade dei Vini e dei Sapori di Lombardia" (Federation of the wine and dine routes of Lombardy).
- Lombardy is one of the leaders in the Italian and European organic market. The region, with 2,509 selling points and a density of 286 m2 per 1,000 inhabitants has a leading role in the retail sector
- The main research priority themes are sustainable and competitive agri-food supply chain, individual well-being (for instance new solutions for healthy ageing through systems, food, supplements and nutraceuticals), food safety,security, availability and protection.
- In another hand, as one of the areas of the Smart Specialization Strategy of the Lombardy Region, the agri-food sector takes advance of a series of "tools" classified in two categories:

- Tools addressed directly to enterprises to facilitate the evolution of the value chain and develop technologies, products and processes able to meet new needs of emerging market
- Tools supporting the creation of enabling environments for enterprises so they can grow and evolve into emerging industries - specific cluster in the Agri-food area was been established.

Lombardy organic surface has growth faster than Italian one until 2015. In 2015 the total organic area (fully converted plus under conversion) is approximately 30 thousand hectares, increased 26,5% from a year earlier (the Italian variation is 7,5%). The share of Lombardy organic surface on total national one is went up from 1,7% in 2014 to 2,0% after one year. However, 2016 preliminary data show in Lombardy a fall until 22.850 hectares (-23,6%).

Looking at SINAB report 2016, at 31 December 2015 the share of organic surface on total agricultural land in Lombardy is 3,2% and the percentage of organic farms on total is 2,3%.

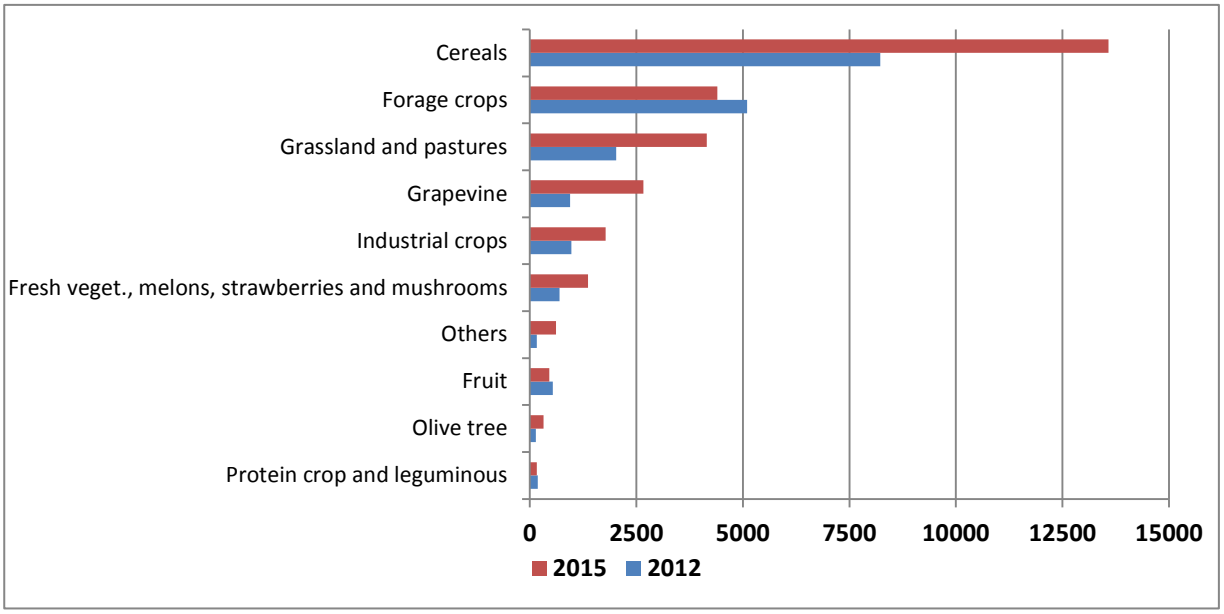
Lombardy and Italy total organic area: fully converted and under conversion (hectares)

	2012	2013	2014	2015	var. % 13/12	var. % 14/13	var. % 15/14
Lombardy	19.000	20.685	23.352	29.551	8,9%	12,9%	26,5%
Italy	1.167.362	1.317.177	1.387.913	1.492.597	12,8%	5,4%	7,5%
Share of Lombardy on Italy	1,6%	1,6%	1,7%	2,0%			

Source: SINAB - SIARL

In 2015 cereals are the biggest group of organic crops with more or less 13.500 hectares; the main cereal crop that grows in Lombardy is the rice with more than 7.000 hectares. As we can see from the chart below cereal greatly contributed to the growth of regional organic surface (+5.358 hectares in 4 years), but it's the development of grapevine the most interesting change considering its potential economic value. In 2012 fully converted and in conversion surface was 945 hectares and in 2015 2.664 with an increase by 181,9% (it's important to notice that more of one half of total area is under conversion, thus a recent change Is acting and probably will continue during years after). In spite of many crops from 2012 to 2015 there were a reduction of the surface of fruit, forage crops, protein crops and leguminous.

Organic surface (converted and under conversion) of Lombardy by type of crop in 2012 and 2015 (hectares)



Source: SINAB

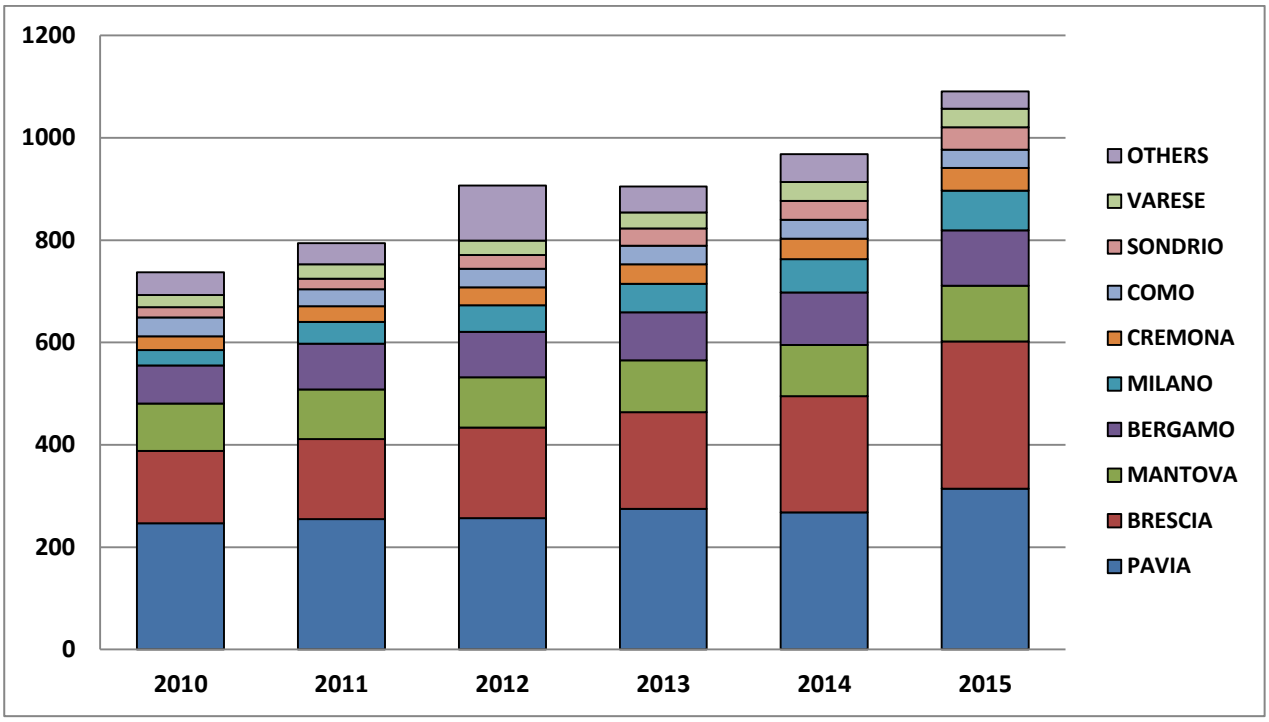
The total number of organic operators in 2015 was 1.915 and the number is increasing from year to year; at 31 October 2016 the number rose until 2.132 (+217 units).

The number of organic producers (farmers and farmers with processing plant) in 2015 is 1.091 with an increase by 12,7% on the year before (+ 123 units) and by 48% on 2010 (+ 354 units). The number of organic farmers without processing plant seems to be more fluctuating than the other type. Over one half of organic producers are set in Pavia and Brescia and the total number of regional organic producers at 31 October 2016 is 1.281. Approximately 77% of organic producers have got only organic vegetable production, 3,5% organic animal production and the others are mixed.

Looking at organic area by province the earliest data available are at 2012; Pavia is at the top with 11.583 organic hectares due to it's business based on the extensive culture as rice and it's followed by Mantova with 10 thousands of hectares less. At the third place there is Brescia with 964 hectares as organic but it's interesting to notice that Brescia has got 34,5% of total organic surface in conversion (excluding a small province as Sondrio it's the biggest data).

The number of processors is constantly increasing and in 2015 reached 741 units and more or less 50% are set in Milano, Brescia and Bergamo. Milano with 24% of processors is at the top of the province because as big business city of northern Italy lots of processing companies also multinational are set here. Brescia, Bergamo and Pavia (17%, 12% and 10% in order) are the next provinces with organic processors. At 31 October 2016 the number is 787.

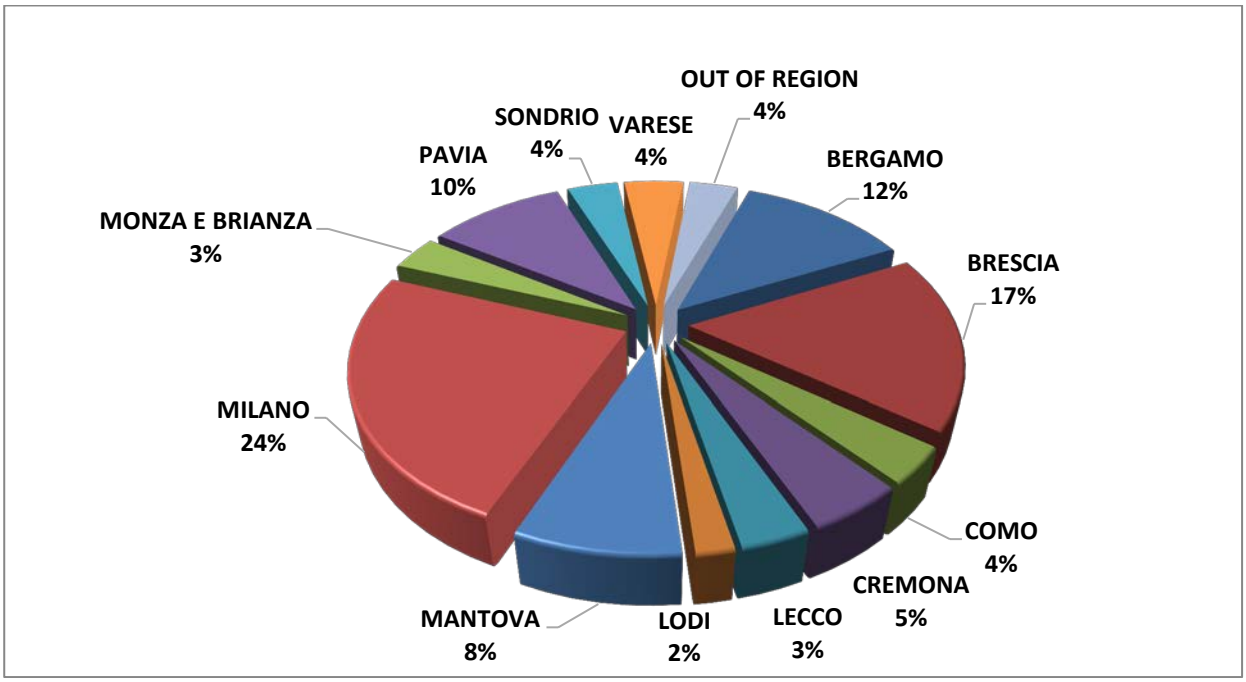
Number of organic producers (farmers and farmers with processing plant) in Lombardy by district from 2010 to 2015[1]



Source: Lombardy public body

[1]estimated data

Number of organic processors in Lombardy by district in 2015



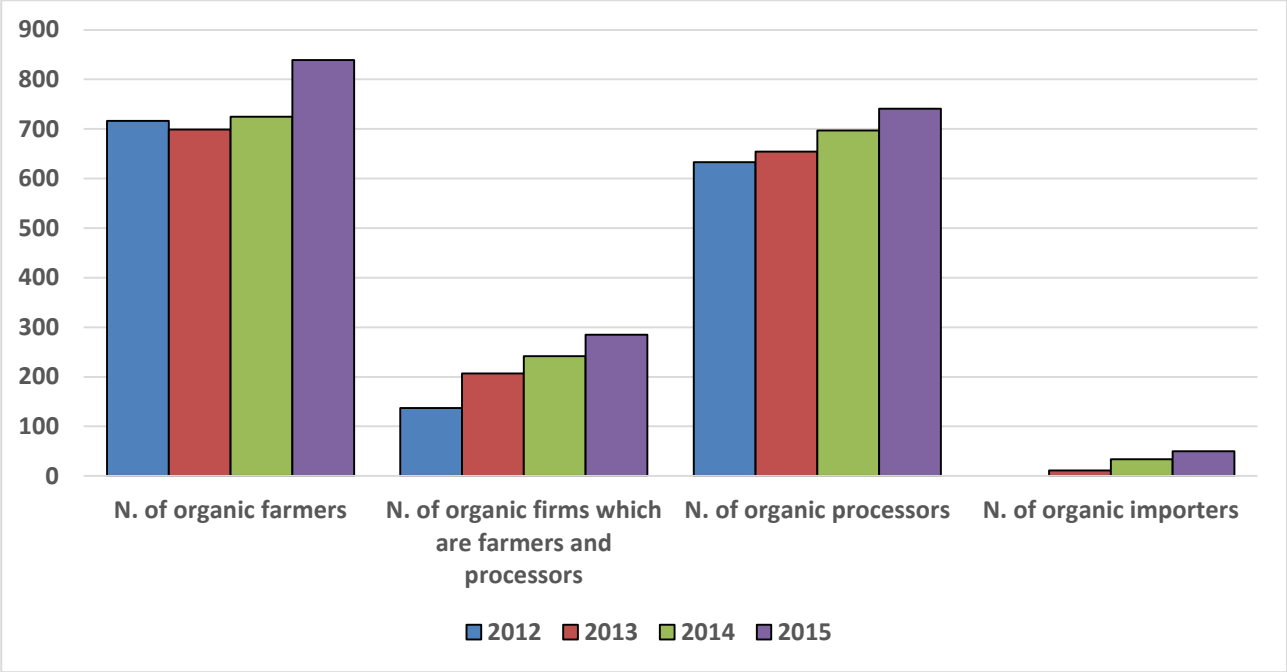
Source: SINAB

Organic area by province in 2012

Province	Organic area (he)	In-conversion area (he)	% In-conversion area/Total organic area
PAVIA	11.583	791	6,4%
MANTOVA	1.520	93	5,8%
BRESCIA	964	507	34,5%
MILANO	814	88	9,7%
LODI	737	0	0,0%
CREMONA	625	27	4,1%
BERGAMO	404	43	9,6%
COMO	353	49	12,1%
MONZA E BRIANZA	218	39	15,0%
VARESE	216	50	18,8%
LECCO	119	9	6,7%
SONDRIO	89	97	52,1%
LOMBARDY	**17.642**	**1.792**	**9,2%**

Source: Lombardy public body

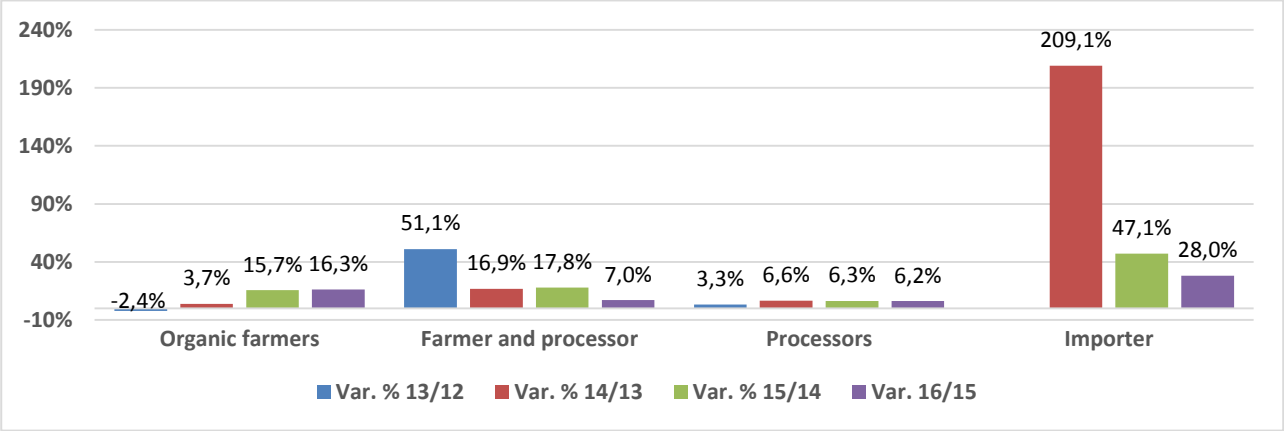
Number of organic operators in Lombardy by type of activity from 2012 to 2015



Source: SINAB

The number of importers is greatly increased in 2014 and 2015 moving from no one in 2012 to 50. As we can see from the chart below the increase rate is higher for organic farmers than processors; year by year variation for organic farmers gradually increase from -2,4% variation between 2013 and 2012 to +16,3% between 2016 and 2015, instead processors growing rate is constantly near 6,3% in recent years. On the other site the growing rate of companies that are farmers and processors at the same time is strongly decreasing (from 51,1% in 2013/12 to 7,0% in 2016/15).

Number of organic operators in Lombardy by type of activity: variation between 2012 and 31 October 2016



Source: SINAB

This is the confirmation of a known peculiarities in Lombardy: there is strong divergence between agricultural supply, which is rather limited, and the final demand, which is rather considerable.
Strong demand, potential growth factor for the regional organic farming thus does not translate into a driving factor, and most of the organic products sold for consumption in Lombardy comes from other regions and from imports.

2.2 Organic producers in Lombardy, ration activities, including producers employed in the same task.

With respect to the distribution of companies over the provinces, Brescia (19.2) ranks first, followed by Pavia (18.9%), Milan (17.4%) and Bergamo (11.7%) With respect to the producers, only, the province of Pavia reaches 28%, followed by Brescia (23.7%) and Bergamo (10.8%). Milan ranks first in organic preparations with 25%, followed by Brescia (17.2%).
The number of processors is constantly increasing and in 2015 reached 741 units. The 50% of these units are based in Milano, Brescia and Bergamo. Milano with 24% of processors is the top province because, as a big business city of northern Italy, it hosts many processing companies, also multinational ones. Brescia, Bergamo and Pavia (17%, 12% and 10% in order) are the following provinces in terms of organic processors. At 31 October 2016 the number is 787.
The trend of farmers in Lombardy experienced a significant increase by 8%, with an increase in processors and producers by 13.8% and 7.1% respectively, compared to 2013.
The 95.5% of the organic producers, in Lombardy, has obtained the certification for vegetable crops (among them also producers of the livestock sector); the organic livestock sector involves, instead, 16.1% of producers. Pavia is the leading province as to organic vegetable producers (28.8%), whereas the province of Brescia ranks first as to organic livestock producers (19.9%). Vegetable producers annually increase by 5.8%, whereas the annual change of livestock producers is the most significant (+14.3%).
The breakdown of the organic UAA shows that 46.5% of the organic area is under grain cereals, where rice (63.4%) and grain maize (20.3%) hold the prevailing share; they are then followed by forage crops, both alternated and permanent, with 32%, grapevine with 6.1%, industrial crops (dried legumes included) with 6.8%, and other kinds of crops, for example fruit and small fruits with 2.8% and horticulture with 1.8%. In spite of the remarkable incidence of the livestock sector in the Lombardy agriculture, the share of the organic within the sector is sharply reduced and lower than vegetable productions. The heads of cattle, based on 2012 figures, are slightly above 100,000 units, whereas pig and sheep/goat heads are 4,565 and 1,698. Poultry units exceed.

3. Policy context - Current regional support measures.

Instrument	Responsible	Beneficiary	Financial contribution	Production	Processing	Commercialisation & marketing	Training & advice	Education	Innovation	Value chain & efficiency & governance
The Rural Development Programme (RDP) for Lombardia Measure 11.1.01 Payments in order to adopt practices and methods of organic production	Regional Management Authority	SMEs Farmer in activity	The financial allocation of Measure 11 shall amount to 12.000.000 €. The support of measure 11 consists in an annual payment per hectare on the basis of higher costs and lower revenue, differentiating by crops in order to consider the relevance of commitment: - Arable crops: 375 €/ha during conversion. - Vegetable crops: 600 €/ha during conversion. - Tree crops: 900 €/ha during conversion. - Permanent grassland: 125 €/ha during conversion. - Feed crops for livestock farm : 600 €/ha during conversion.	x	x					
The Rural Development Programme (RDP) for Lombardia Measure 11.2.01 Payments in order to maintain practices and methods of organic production	Regional Management Authority	SMEs Farmer in activity	The financial allocation of Measure 11 shall amount to 12.000.000 €. The support of measure 11.2 consists in an annual payment per hectare on the basis of higher costs and lower revenue, differentiating by crops in order to consider the relevance of commitment: - Arable crops: 345 €/ha for maintenance. - Vegetable crops: 540 €/ha for maintenance. - Tree crops: 810 €/ha for maintenance. - Permanent grassland: 110 €/ha for maintenance. - Feed crops for livestock farm : 540 €/ha for maintenance.	x	x					

The following are measure, sub-measures and operations of the RDP that support organic farming through priorities, selection criteria or principles for theirs definition, increase in the rate of support or aid

Instrument* RPD	Responsible**	Beneficiary	Financial contribution*** For the whole measure	Production	Processing	Commercialisation & marketing	Training & advice	Education	Innovation	Value chain efficiency & governance
Measure1 Transfer of knowledge and information actions 1.1.01 Training and acquisition of skills Transfer of knowledge and information actions	Regional Management Authority	SMEs Farmers and their associations Professionals Students	9,7 Milion Euros			x	x	x	x	
Measure1.3 Transfer of knowledge and information actions 1.3.01 Company exchanges	Regional Management Authority	SMEs Farmers and their associations Professionals Students	9,7 Milion Euros			x	x	x	x	x
Measure 2. Business consulting and assistance services	Regional Management Authority	SMEs Farmers and their associations	40,8 Milion Euros			x	x	x	x	x
Measure 3. Quality standards for agricultural products and foodstuffs	Regional Management Authority	SMEs Farmers and their associations	5,7 Milion Euros	x	x	x				
Measure 4.1.01 Incentives for investments for the profitability, competitiveness and sustainability of farms	Regional Management Authority	SMEs Farmers and their associations	409 Milion Euros	x	x	x				x
Measure 4.1.02 Incentives for investments in the agri-food chain	Regional Management Authority	SMEs Farmers and their associations	409 Milion Euros	x	x	x				x
Measure 4.2.01 Processing, marketing and development of agricultural products	Regional Management Authority	SMEs Farmers and their associations	409 Milion Euros	x	x	x	x			x

Measure 6.1.01 Incentives for the establishment of new farms by young farmers	Regional Management Authority	SMEs Farmers and their associations	68,56 Milion Euros	x	x	x	x			x
Measure 6.4.01 Support for the realization and development of agritourism activities	Regional Management Authority	SMEs Farmers and their associations	68,56 Milion Euros	x	x	x	x			x
Measure 8 Investments in the development of forest areas and improvement of forest profitability Measure 8.1.01 Support for planting costs for forestation and afforestation	Regional Management Authority	SMEs Farmers and their associations	103,2 Milion euros							
Measure 10.1.03 Conservation of biodiversity in rice fields	Regional Management Authority	SMEs Farmers and their associations	240,3 Milion euros	x	x					
Measure 10.1.10 - Farming effluent distribution techniques	Regional Management Authority	SMEs Farmers and their associations	240,3 Milion euros	xx						
Measure 16. Cooperation 16.4.01 - Short supply chains (biological productions among the elements god evaluation to define the quality of the project). Lombardy 16.5.01 - Cooperation for environmental sustainability for articulated projects promoted by several subjects and attributable to the measures and sub-measures for environmental purposes (productions biological elements between the evaluation elements to define the quality of the project). 16.10.01 - Integrated supply chain projects (organic products between the evaluation elements to define the quality of the project). environmental practices	Regional Management Authority	SMEs Farmers and their associations	17,2 Milion euros			x	x	x	x	x

4. Relevance of the regional policy support for the development and implementation of your action plan

The priorities identified in the Organic Action Plan are well supported in the RDP
The Rural Development Programme (RDP) for Lombardia was formally adopted by the European Commission on 15 July 2015, outlining Lombardia's priorities for using the € 1.2 billion of public money that is available for the 7-year period 2014-2020 (€ 499 million from the EU budget and € 659 million of national co-funding).
Lombardia's RDP puts particular emphasis on improving the competitiveness of agriculture and primary producers, as well as on restoring, preserving and enhancing ecosystems. Some 3 200 beneficiaries will receive investment support to restructure and modernise their farms or in the processing and marketing of agricultural products. Apart from improving competitiveness, these investments will also contribute to enhancing the environmental performance and mitigating climate change. Investments will also be boosted thanks to the use of a specific financial instrument, a loan-fund supporting projects for the processing/marketing of agricultural products. More than 100 000 hectares of agricultural land will be under agri-environment-climate contracts supporting biodiversity, soil and water management, while a further 110.000 hectares of farmland in mountain areas will be supported. The region will reduce the administrative burden on beneficiaries by using a simplified system of standard costs for declaring expenses under certain investment measures.
In addressing the challenges, Lombardia's RDP will fund operations under all six Rural Development priorities, with a particular emphasis on improving the competitiveness of agriculture, as well as on restoring, preserving and enhancing ecosystems. The focus of each priority is explained briefly below.

- ✓ Knowledge transfer and innovation in agriculture, forestry and rural areas

€ 40.8 million will be used in advisory services to improve farmers' management skills from a technical, economic and environmental point of view, allowing them to introduce innovation in their activities. 4 730 farmers will also benefit from training and information activities with the same objective. 75 cooperation projects, 25 of which under the European Innovation Partnership, will strengthen the link between research and the agriculture, food and forestry sectors.

- ✓ Competitiveness of agri-sector and sustainable forestry

2 100 farmers will receive support for investments in farm restructuring/modernisation, with over € 420 million (public + private) invested in physical assets. Such investments will also contribute to the environment and climate change mitigation. In addition, the RDP will support the start-up of 1 270 young farmers.

- ✓ Food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture

€ 450 million (public + private) will be invested in physical assets for 1 115 beneficiaries, with the aim of strengthening the food chain organisation, including processing and marketing of agricultural products. These investments will also contribute indirectly to improve the environmental performance and mitigate climate change. The region will also establish a loan-fund to further support investments in processing/marketing of agricultural products. Furthermore, the RDP will support the entry of 370 farmers in quality systems.

- ✓ Restoring, preserving and enhancing ecosystems related to agriculture and forestry

113 500 ha of agricultural land will be under agri-environment-climate contracts supporting the conservation of biodiversity, soil and water quality. In particular, 10 000 ha of farmland will receive support to either convert or maintain organic farming. In addition, farmers will be supported to

maintain agricultural activities on 109 850 ha in mountain areas. € 30 million will also be invested in the forestry sector under this priority namely for the purpose of soil conservation.

- ✓ Resource efficiency and climate

The RDP will pursue carbon conservation and sequestration by supporting specific agri-environment-climate practices on 62 000 ha of agricultural land as well as through the afforestation of 11 000 ha. 6 000 ha of agricultural land will also be under agri-environment-climate contracts aimed at reduction emissions of greenhouse gas and ammonia deriving from agriculture. The region also expects investments of over € 45 million of public and private funds in renewable energy production.

- ✓ Social inclusion and local development in rural areas

Social and economic development in rural areas will be promoted through support to the preparation and implementation of Local Development Strategies by 10 LEADER Local Action Groups, which will cover 1 million people. 1.2 million people will also benefit from investments in new or improved broadband infrastructures.

To satisfy the requirement of 1305/2013 Article 29 (4) on paying for the converting or maintaining organic farming to compensate beneficiaries for all or part of the additional costs and income foregone resulting from the commitments made, Lombardy Agricultural Regional Structure has issued Decree of the Executive of 22 december 2015 No 11414 Rural Development Program 2014-2020 – Approval of the call 2016 for measure 11 “Organic Agriculture” which is divided into two measures:

- Measure 11.1.01 Payments in order to adopt practices and methods of organic production
- Measure 11.2.01 Payments in order to maintain practices and methods of organic production

According to the EU priorities and goals for rural development (Article 5 Reg. (EU) 1305/2013), these measures aim to respond to the following priorities and focuses:

- ✓ **Priority 4**: restoring, preserving and enhancing ecosystem related to agriculture and forestry, with a focus on the following area:

a) restoring, preserving and enhancing biodiversity, including in Natura 2000 areas, and in areas facing natural or other specific constraints, and high nature value farming, as well as the state on European landscape;
b) improving water management, including fertiliser and pesticide management;
c) preventing soil erosion and improving soil management;

- ✓ **Priority 5**: promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors, with a focus on the following areas:

d) reducing greenhouse gas and ammonia emissions from agriculture;
e) fostering carbon conservation and sequestration in agriculture and forestry;

Support to producers is mainly implemented through RDP actions. Conditions to access to the founding are:

- Voluntary accession to the organic method in accordance with Regulation 834/2007 as amended, Regulation 889/2008 as amended and Ministerial Decree No 18354/2009 on all usable agricultural organic area;
- Commitments binding: cross-compliance obligations (Reg. (EU) No 1306/2013 Title VI, Chapter I); requirements to maintaining the area in a state suitable for grazing or cultivation and who do not carry out a certain minimum activity (Reg. (EU) No 1307/2013 point ii) and iii) of Article 4 (1); minimum requirements for fertilisers and plant protection products (Reg. (EU) No 808/2014 Annex I, Section 10 of Chapter 8).

The amount of the annual aid shall be fixed per hectare of area, on the basis of higher costs and lower revenue relating to commitments according to Annex II of Reg. (EU) No 1305/2013. Measure 11 supports the conversion from an intensive, more productive farming to an environmentally

sustainable system which is less profitable, and to its maintenance. The commitments to be respect for both measures 11.1.01 and 11.1.02 shall be as follows:

- duration of commitments: 6 years;
- adoption and maintaining of organic method as defined in Reg. 834/2007, Reg. 889/208 and Ministerial Decree 18354/2009. The loss of organic certification implies the withdrawal of the application;
- the regular crop cycle must be carry out on graze requested areas, which means harvest of food or zootechnical products.

Together with measure 11, on the same parcel and the same crop may be also required to access to measure 10.1.03 "Conservation of biodiversity on rice fields" and measure 10.1.10 "Livestock manure management's techniques" [1]. Lombardy entitles to benefit only holding areas within the region's territory of usable agricultural area of minimum 0,5 ha, if the unit is in hills or mountains, and of usable agricultural area of minimum 1 ha if the unit is located in lowland.
The financial allocation of Measure 11 shall amount to 12.000.000 €.
"Greening" measure, as above defined, is already included in measure 11. In that way, who asks for Single Application shall receive the same amount of who asks for measure 11.
3.2.1. Conditions relating to mixed farm
On the basis of Article 11 of Reg. (EC) 834/2007 a farm can be divided into clearly separate units which are not all managed under organic production. It is possible to have different species of animals involved or different variety of plants that can be easily differentiate and also ad regards aquaculture. The operator shall keep the land, animals, and products used for, or produced by, the organic units separate from those used for, or produced by, the non-organic units and keep adequate records to show the separation.
Under Measure 11, Lombardy allows mixed holdings to be eligible for fund but only if they meet the following requirements:

- Holding's organic units for production and the conventional units are separated by buffer zones, hedges and tree lines, roads;
- organic and conventional units shall be used for crops of different groups[2]

If organic and conventional units are located in different not neighbouring regions, conditions shall be considered to be met because input's sharing is unlikely between physically separated areas.
Conditions in order to qualify for the graze in the case of feed crops farm
Holding which may qualify have almost one organic livestock farming, or one in conversion, notified and certified, that produce organic feed reused in their own breeding and have at least 6 livestock units. The amount of area accepted to graze is as follows:

- 1 ha per livestock unit for holding located in hills or mountains;
- 0,67 ha per livestock unit for holding located in lowland.

To calculate livestock unit, measure 11 refers to Annex II of Executive Regulation (UE) No 808/2014 where:

- Bulls, cows and other bovine animals over two years, equine animals over six months = 1 livestock unit.
- Bovine animals from six months to two years = 0,6 livestock unit.
- Bovine animals under six months = 0,4 livestock unit.
- Ovine animals = 0,15 livestock unit.
- Caprine animals = 0,15 livestock unit.
- Breading sows of 50 kilograms or more = 0,5 livestock unit.
- Other pigs = 0,3 livestock unit.
- Laying hens = 0,014 livestock unit.
- Other poultry = 0,03 livestock unit.

[1] Measure 10 of RDP 2014-2010: Payments for agro-environmental commitments.

[2] Crop groups are: arable crops, vegetable crops, tree crops, permanent grassland, feed crops for livestock farm.

Whether during the year of fund application the rearing having lost his organic certification, feed crop wouldn't be admissible; the graze wouldn't have been paid and, eventually, the amount already provided shall be recovered.

3.2.3. Extension of areas and change of commitments

During the commitment period, the extension of areas shall be allowed, both in the case of new purchasing and conversion of conventional units for mixed farms. The extension becomes effective for the payment in the following year and it's allowed when there are three more years to the end of measure.

If the beneficiary asks for ending measure 11 and simultaneously for access to other measure commitments, they need to have higher environmental benefits compared to the former. The already paid amount of the graze won't be recovered. The application to change of commitments shall send to Lombardy Region – DG Agriculture, and being approved by it.

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Lombardy's RDP puts particular emphasis on improving the competitiveness of agriculture and primary producers, as well as on restoring, preserving and enhancing ecosystems.

Lombardy, in particular, has tried to diversify the RDP interventions in favour of the organic sector to respond to the strong increase in the demand.

In addressing its territorial challenges, Lombardy's RDP will fund operations under all six Rural Development priorities, with a particular emphasis on improving the competitiveness of agriculture, as well as on restoring, preserving and enhancing ecosystems. The focus of each priority is explained briefly below.

- ✓ Knowledge transfer and innovation in agriculture, forestry and rural areas
- ✓ Competitiveness of agri-sector and sustainable forestry
- ✓ Food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture
- ✓ Restoring, preserving and enhancing ecosystems related to agriculture and forestry
- ✓ Resource efficiency and climate
- ✓ Social inclusion and local development in rural areas

To satisfy the requirement of 1305/2013 Article 29 (4) on paying for the converting or maintaining organic farming to compensate beneficiaries for all or part of the additional costs and income foregone resulting from the commitments made, Lombardy Agricultural Regional Structure has issued Decree of the Executive of 22 December 2015 No 11414 Rural Development Program 2014-2020 – Approval of the call 2016 for measure 11 "Organic Agriculture" which is divided into two measures:

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Support to producers is mainly implemented through RDP actions. Conditions to access to the founding are:

- Voluntary accession to the organic method in accordance with Regulation 834/2007 as amended, Regulation 889/2008 as amended and Ministerial Decree No 18354/2009 on all usable agricultural organic area;

- Binding commitments: cross-compliance obligations (Reg. (EU) No 1306/2013 Title VI, Chapter I); requirements to maintain the area in conditions suitable for grazing or cultivation and who do not carry out a certain minimum activity (Reg. (EU) No 1307/2013 point ii) and iii) of Article 4 (1); minimum requirements for fertilisers and plant protection products (Reg. (EU) No 808/2014 Annex I, Section 10 of Chapter 8).

The amount of the annual aid shall be fixed per hectare of area, on the basis of higher costs and lower revenue relating to commitments according to Annex II of Reg. (EU) No 1305/2013. Measure 11 supports the conversion from an intensive, more productive farming to an environmentally sustainable system which is less profitable, and to its maintenance. The commitments to be respected for both measures 11.1.01 and 11.1.02 shall be the following:

- duration of commitments: 6 years;
- adoption and maintaining of organic method as defined in Reg. 834/2007, Reg. 889/208 and Ministerial Decree 18354/2009. The loss of organic certification implies the withdrawal of the application;
- the regular crop cycle must be carried out on graze requested areas, which means harvest of food or zootechnical products.

Additionally to measure 11, on the same parcel and the same crop it may be also requested to access to measure 10.1.03 “Conservation of biodiversity on rice fields” and measure 10.1.10 “Livestock manure management’s techniques” [3]. Lombardy entitles to benefit only holding areas within the region’s territory of usable agricultural area of minimum 0,5 ha, if the unit is in hills or mountains, and of usable agricultural area of minimum 1 ha if the unit is located in lowland.
The financial allocation of Measure 11 shall amount to 12.000.000 €.
“Greening” measure, as above defined, is already included in measure 11. In that way, who ask for Single Application shall receive the same amount of those who ask for measure 11.

4.1. The Organic districts in the Lombardy Region.

The Rural Development Program 2014-2020 Lombardy Measure. 16 "Cooperation16.4 - Support for supply chain cooperation, for the creation and development of short supply chains and local markets 16.4.01 - Short supply chains (biological products among the valuation elements to define the quality of the project).

The Measure 16 Cooperation, with its numerous sub-measures, responds to the need to stimulate different forms of aggregation between operators in the agricultural sector and not, for the start of new and innovative planning. The enhancement of cooperation initiatives, in fact, allows us to overcome the individualistic logic and to favour the aggregation of subjects who intervene with roles, skills and in different phases and aspects of the production process, not only for the joint management of services and activities, but also for the solution of problems and for the adoption of process, product or organizational innovations.
Sub-measures M16.1 support the establishment and functioning of the IEP operational groups on the subject of productivity and sustainability of agriculture while sub-measures M16.2 support pilot projects and the development of new ones therefore, products, practices, processes and technologies allow the implementation of the strategy at the regional level the European Union defined for innovation in agriculture. In particular, with the second sub-measure, the support projects promoted by Operative Groups of the IEPs are financed through a global grant, which activates jointly all the measures necessary for the implementation of the projects. The alternative,

[3] Measure 10 of RDP 2014-2010: Payments for agro-environmental commitments.

however, is represented by the participation of the Operative Groups of the IEP to the calls for measures functional to the realization of the project.
The only region in Italy that has made explicit reference to agricultural districts as potential beneficiaries of aggregation initiatives is Lombardy.
The Lombardy Region has resorted to **the sub-measure 16.4 to promote cooperation initiatives geared to organic producers with a view to strengthening some factors that can stimulate the growth of organic products.** In particular, newly established aggregations and those already existing aimed at favouring short supply chains are favoured, also based on the involvement of biological productions, carried out by agricultural and processing companies and distributed by commercial intermediaries. The strategy in favour of supply chains linked to organic farming in Lombardy is completed with operation 16.10.1 which supports Integrated Supply Chain Projects (PIF) or agreements between operators of the same sector.

The positive effects generated by the implementation of this measure have been the creation of greater cohesion between partners in the partnership, both in the production and research sectors, and the exchange of good practices among companies, mainly due to the disclosure of results obtained with cooperation projects. To try to support the continuity of the activated cooperation processes and the start-up of new ones, in the current programming period the cooperation has been given a much stronger role than in the past.

5. Recommendations for regional policymakers to improve the current policy environment

Considering the outcomes of the consultation that the Union of the Chambers of Commerce of the Lombardy region has undertaken during the whole lifespan of the project, interventions in favor of organic operators should be explicitly envisaged about:

- Development of tailor made training patterns for organic professionals
- Development of consultancy services specific for organic SMEs and Farmers
- Strengthening cooperation, including actions that are particularly adequate for the purpose of resizing the problems of the biological sector.
- Introducing organic agriculture more widely as a sector to be privileged with reference to communication, information, exchanges and company visits
- Fostering communication toward consumers
- Promoting associationism for the organic sector, given the greater dispersion on the territory of organic farms and, therefore, theirs difficulty in reaching critical masses of suitable products for marketing or processing.
- Setting up of operational groups for participating in european and international cooperation projects activities

ORGANIC ACTION PLAN ROADMAP

Objectives (SMART)	Target (if any)	By date?	Priority[2]	Relates to aims[3]
A. **Promoting consciousness and the awareness, general opinion trust and confidence toward organic products about the organic food product and production toward the consumers (both physical persons and legal entities)**	**General public, consumers, policy makers, media, GDO**	2020	High	1
B. **Improve support for conversion from traditional agriculture to organic farming by compensating for higher costs and lower revenues**	**Farmer, SMEs, Local authorities, Chambers of Commerce, consultants**	2020	High	1,2
C. **Promoting innovation training and technological transfer patterns toward organic producers with specific regards to micro and small business**	**Academia, SMEs, Consultants, Students, Local authorities, Organic association**	2020	High	1,2
D. **Increase the number of local production and the number of local processors**	**Farmer, business associations SMEs, Local authorities, Chambers of Commerce, consultants**	2020	High	1,2
E. **Foster public support toward organic business and organic producers**	**Organic farmers and business associations, local authorities, national authorities**	2020	High	1,2

Overview of action points (task/output oriented)

Action – title and short justification (linked to diagnosis)	Planned outputs	By when?	Owned by?	Delivered by?	Resource budgeted	Focus area1	Target group(s)2	Policy instrument	Relates to objectives
1.Promote business investments in R & I by developing links and synergies between companies, research and development centres and the higher education sector, in particular by promoting investment in the development of products and services	NA	2020	Govt	Govt	174.677.500, 36.00% of the ERDF Horizon 2020 Cosme Interreg Program	Production	Producers Farmer, SMEs, consultants	ERDF Lombardy Region 2014/2020	C,E,
2. Provide financial support for the promoting the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)	NA	2020	Govt	Govt	147.322.500,00 ERDF Objective 3	Production	Producers Retailers Farmers	ERDF Measure 3	EFC
3. Provide financial support for the Conversion from traditional agriculture to organic farming by compensating for higher costs and lower revenues	Increased number of organic producers	2020	Govt	Govt	Rural Development Program 2014-2020 Operation 10.1.02	Production	Farmer, SMEs, consultants	ERDF Lombardy Region 2014/2020 RDP Lombardy Region	B
4. Setting up tailor made training programs for SMEs, producers, farmers, retailers and consultants	Increased capacities of professionals	2020	Govt	Govt	ERDF Measure 3.1 RDP Lombardy Region Operazione 1.1.01	Production Advise Training Retail	Producers Farmer, SMEs, consultantsBusienss support association Academia Chambers of Commercs Organic support associations	ERDF Lombardy Region 2014/2020 RDP Lombardy Region Operazione 1.1.01 education eacquisition of skills Horizon 2020	ABCD
5. Setting up tailor made advisory services for SMEs, producers, farmers, retailers	Increased capacities of professionals	2020	Govt	Govt	ERDF Measure 1.b 174.677.500,00 36.00% of the ERDF	Production Advise Training Retail	Producers Farmer, SMEs, consultantsBusienss support association Academia Chambers of Commercs Organic support associations	ERDF Lombardy Region 2014/2020 RPD Lombardy 20114/2020 DEMONSTRATIVE PROJECTS INFORMATION ACTIONS 1.2.01	ABCD
6. Setting up tailor made improved technological transfer models in favour of SMEs of the organic sector to boost their research and innovation capacities	NA		Producers Farmer, SMEs, consultants Busienss support association	Govt	ERDF Measure 1.b Horizon 2020	Production Advise Training Retail	Producers Farmer, SMEs, consultantsBusienss support association Academia Chambers of Commercs Organic support associations	ERDF Lombardy Region 2014/2020	ABCDE
7. Foster cooperation capacities of SMEs. Foster participation in international cooperation project (Horizon2020, Cosme, Erasmus plus etc)	NA		Producers Farmer, SMEs, consultants Busienss support association	Govt	ERDF Measure 1.b 174.677.500, Horizon 2020	Production Advise Training Retail	Producers Farmer, SMEs, consultantsBusienss support association Academia Chambers of Commercs Organic support associations	ERDF Lombardy Region 2014/2020 Horizon 2020	ABCDE

8. Create more efficient communication models toward consumers and buyers			Producers Farmer, SMEs, consultants Busienss support association Consumers	Govt	RDP DEMONSTRATIVE PROJECTS INFORMATION ACTIONS 1.2.01 Horizon 2020	Production Advise Training Retail		ERDF Lombardy Region 2014/2020 Horizon 2020	ABCDE
9. Improvement of knowledge of organic production and its economic and environmental efficiency through the dissemination of technical material among farmers;	Improved skills and capacities of producers and farmers	2020	Producers Farmer, SMEs, consultants Busienss support association Consultants	Govt	ERDF Measure 3.1 RDP Lombardy Region Horizon 2020 Interreg program	Production Advise Training Retail	Producers Farmer, SMEs, consultantsBusienss support association Academia Chambers of Commercs Organic support associations	ERDF Lombardy Region 2014/2020 Horizon 2020	ABCDE
10. Continuous development of research activities on organic farming to further expand the role of this practice in the field of management and sustainable use of land resources	Improved competitivenes s of SMEs I proved capacities of operators Improved sustainability	2020	Producers Farmer, SMEs, consultants Busienss support association Consultants	Govt	ERDF Measure 3.1 RDP Lombardy Region Horizon 2020 Interreg program	Production Advise Training Retail	Producers Farmer, SMEs, consultantsBusienss support association Academia Chambers of Commercs Organic support associations	ERDF Lombardy Region 2014/2020 Horizon 2020	ABCDE
11. Support for the maintenance of the organic production method, by paying the higher costs and lower revenues that involves the adoption of this practice compared to conventional agriculture	NA	2020	Organic Farmers	Govt	Rural Development Program 2014-2020 Operation 10.1.03 "Conservation of biodiversity in the rice fields" • Operation 10.1.10 Breeding effluent distribution techniques • Operation 10.1.10 + 10.1.03	Production	Producers Farmer, SMEs	Rural Development Program 2014-2020 Operation 10.1.03 "Conservation of biodiversity in the rice fields" • Operation 10.1.10 Breeding effluent distribution techniques • Operation 10.1.10 + 10.1.03	
12 Promote entrepreneurship, the creation of new companies, also through business incubators support birth and consolidation of micro, small and medium enterprises,	NA	2020	Producers Farmer, SMEs, consultants Busienss support association Consultants, Academia	Govt	ERDF Objective 3 Promoting the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)	Production	Producers Farmer, SMEs, consultants Busienss support association Consultants, Academia	ERDF Horizon 2020 Cosme	
13. Development and implement new business models for organic SMEs	1 to 10	2020	Producers Farmer, SMEs, consultants Busienss support association Consultants, Academia	Govt	ERDF Objective 3 Promoting the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)	Production	Producers Farmer, SMEs, consultants Busienss support association Consultants, Academia	ERDF Horizon 2020 Cosme	ABCDE

6. SWOT analysis

The SWOT analysis presented is partly derived from the indications of what the actors in the organic sectors in Lombardy perceive as strengths, weaknesses, opportunities and threats; this “subjective” SWOT analysis id however implemented with elements drawn from the analysis of the regional situation, other elements of the survey and general considerations about the organic food sector even out of the boundaries of the region.

Strenghts
From the stakeholder survey
The enquiries from the different stakeholders about what they perceive as strong points for the regional organic sector suggest mostly the following points:

Diversification of production. In a region which agriculture is mostly based on few major crops and animal productions (cereals, milk, pork …), with remaining productions assuming a complementary function, the organic sub-sector is perceived as characterized by a stronger diversification (especially because its weight is relatively lower exactly for the major segments of the regional agriculture); this is considered an advantage in terms of risk diversification.

Dedicated retail points. Although organic products are on sale in several modern retail stores, the majority of them are sold through dedicated points of sale, especially specialized retail, farm outlets and farmer markets. Having those specific retail points, although not all of them are dedicated only to organic products, is seen as a tool for differentiating these products from the conventional mass market.

Producers number growth. The relatively high rate of conversion from conventional to organic farms is considered a strong point itself, ad it increases the visibility of the system and witnesses its vitality.

Preferential access to credit. Although the opportunities of specific funding and loans are generally considered as limited, nevertheless the possibility to have specific channels to access to credit is also considered a strengths of the organic sub-sector; moreover some regional banks opened dedicated credit lines for organic producers.

From the overall evaluation
Domestic demand growth. Despite the long, hard economic crisis which also affected the demand of several important agricultural and food products, the demand for organic products is still increasing, and the perspectives for the future are positive as organic food is perceived as safer and more environmentally friendly.

Increasing presence of organic products in modern retail. Together with the increasing number of organic consumers, these products are (slowly) increasing their weight in the product portfolio of large retail chains, both in terms of number of references and dedicated shop space.

Weaknesses
From the stakeholder survey
Limited aggregation. Many stakeholders consider that the organic sub-sector is too fragmented in small independent units without significant levels of aggregation or coordination, which reduces their market power.

Excessive bureaucracy. The heavy burden of costs for complying with formal requirements is a points often raised by the whole of the agricultural sector; their incidence can be even greater in the case of organic farms, which for several agricultural segments (although not all of them) are on average smaller than conventional farms.

Poor controls and frauds. Many stakeholders feel that the control system, based on the control and inspection bodies, is relatively poor and in general non homogeneous, leaving the room to possible frauds which undermine the whole organic products system.

High final price and poor remuneration to producers. This apparently contradictory observation refers to the fact that for many products the selling price is at the same time relatively high, discouraging consumers, and not sufficient to guarantee an adequate remuneration to the producer. Here questions arise about the (in)efficiency of the supply chain and the limited differentiation of the products to the eyes of food consumers.

From the overall evaluation
Inefficient pricing system. Due to a limited market transparency and difficulties for communication along the supply chains, it can be observed that the pricing of organic products not always reflects their vertical differentiation.

Limited supply chain integration. The “filière” approach is poorly used, vertical coordination and communication among the different levels of the chain are limited, there is a deficiency infrastructures and logistic organizations.

Opportunities
From the stakeholder survey
Increasing interest from the consumer. Not only the actual demand of organic products is increasing, but the interest and knowledge of consumers towards this sector is also considered in growth, and it is often based on consumers with good levels of revenue and education, and an attention to the quality of food and nutritional equilibrium; this is a good premise for a future demand expansion.

Increasing interest from modern retail. Together with the increasing consumer’s interest, large retailers also view the world of organic with attention, and several chains keep a place for these products in their vision and future strategies.

Short and direct supply chain. In the increasing polarization of food retail, more and more dominated by large supermarket chains and the difficulties of traditional grocery shops, opportunities arise for direct linkages between organic producers and specialized shops of direct sale from farmers. These channels where the information diffusion toward consumers is easier than in self-service sales points, appear particularly suitable for “experience” and “credence” goods like organic products.

From the overall evaluation
Multi-functionality of organic farms. The organic nature of farms can be a suitable support for the development of functions other than the typical productive one, like social agriculture, didactic farms, agritourist units, rural tourism.

General opinion trust and confidence toward organic products. In times when trust is a critical asset and even traditional foods, consumed from centuries and millennials are questioned, the general favorable opinion towards organic agriculture can be the support to build value and consumers loyalty.

Threats
From the stakeholder survey
(Unfair) competition from imported products. The increasing demand for organic food, possibly at affordable prices, opens the door to organic imports. This phenomenon is perceived by stakeholders as a dangerous threat, moreover controls at the production level on imported organic goods are evaluated untrustworthy.

Limited reliability of institutions. While the institutional support is considered ad a must for the development of the organic sector, institutions themselves are considered unreliable, therefore the institutional framework unsafe.

Unfavorable lobbying from agro-chemical corporations. The capacity of the sector to exert a lobbying action is considered very limited, due to limited aggregation, and much lower than the one which can be (and is) brought into play by large, often multinational, agro-chemical corporations.

From the overall evaluation
Economic stagnation. Although in recent years of economic “acute” crisis the organic sector performed probably better than the agro-food sector in general, the possibility of a future “chronic” economic stagnation could negatively affect this high agricultural added value sector.

Possible competition from PDO/PGI products. Although a synergy is in principle possible between the differentiation offered by organic production and the official denominations system, in reality the limited amount of quality labels which the consumer can take into account, and the potential confusion, means an indirect competition between the two systems of differentiation.

Competition from other countries. Apart from the fear, present into the sector, of unfair competition from imported products, important developments can be observed in several countries, especially Mediterranean ones, for the development of organic agriculture for export to rich countries; in many cases, natural conditions of dry climate, low intensity of agriculture and the absence of pests endemic elsewhere can represent, for these countries, factors of cost advantage.