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The implementation of measure 121 of the rural development program: Comparative analysis between Italy and Lithuania

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Abstract

This study analyze some specific aspects of the implementation of the Rural Development Program between the Apulia Region (in Southern Italy) and Lithuania for the period 2007–2013 and highlight the limitations characterizing the possibility of building an analysis framework aimed at understanding how it actually affects the regional and country agricultural system. More specifically, by referring to a specific measure of the rural development program (Measure 121 of Axes I), the aim is to analyze whether there are difference of investment activity implemented. To this purpose, we have worked at collection all the information available at the Managing Authority of Apulia Region and Lithuanian Institute of Agrarian Economics. The observation of the gathered data, in fact, makes us observe the existence some difference between two country, in particular in Lithuania there is preference for a larger number of small projects that provides more homogeneous development of rural areas and promotes entrepreneurship, in Italy (Apulia Region) mostly large projects were financed. The aim to this study is to make an early attempt to conceptualize a framework through the analysis of the Rural Development Program 2007–2013 between Italy (Apulia Region) and Lithuania, the measure 121 it is implemented. The results of this study evidence a large number of small projects in Lithuania aimed at provide a more homogeneous development of rural area.

JEL classification: Q 14

Keywords: Modernization; Agricultural holdings; Measure; Rural development indices.

1. Introduction

The purpose of this paper is to identify the stage of the specific aspects of the implementation of the Rural Development Program (RDP) between the Apulia Region (in Southern Italy) and Lithuania for the period 2007–

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2013 and highlight the limitations characterizing the possibility of building an analysis framework aimed at understanding how it actually affects the regional and country agricultural system. It mainly focuses on Axis I, more exactly by referring to a specific measure of the rural development program (Measure 121) both in Italy and in Lithuania. In this regard, a set of indicators are presented in order to reflect the current situation following whether there are difference of investment activity implemented of the Rural Development Program (RDP) which in turn may allow for a better allocation and intensification of the RDP funds and an economic efficiency growth and increases of competitiveness in the two countries. The paper is organized as follows: Section 1 presents the analysis of context and methodology, Section 2 gives an analysis of priorities in the field of priorities by implementation of RDP and modernization of Agricultural Holdings, Section 3 gives a comparison between the two countries in terms of measure 121 implemented, a set of indicators and makes a review of the rural development program and Section 4 concludes and suggests further improvement in the implementation of the program.

2. The rural development context and methodology

At European level the rural areas cover more than 80% of the EU territory and are home to around 55% of the total EU population. EU rural development policy is designed to provide support for this significant proportion of the EU population and land mass (Eurostat, 2013). The European Agricultural Fund for Rural Development (EAFRD) is an EU source of finance that is being used by Member States to archive a variety of EU rural development policy goals such as: improving the competitiveness of farm, forest and agri-food businesses; helping protect the natural environment; supporting rural economies and quality of life in rural areas. The importance of rural development lies primarily in the share of rural population in the overall population.

Thus, 44% of the world population lives in rural areas and in the case of developing countries, this proportion is even higher, amounting to 55%. The role agriculture plays in economic development processes of countries – at macro-level – and local territories – at micro-level – is an issue which has significantly characterized the debate on development since it is very beginning, as well as the incidence of poverty is higher in rural than in urban areas, fewer opportunities and higher risks aggravate rural poverty, it is to be compared to urban poverty.

In the European Union (EU), the number of employed in the primary sector varies greatly by region and country, in the 2012 there were 11,6 million people employed in the primary sector, which represents 5.2% of total employment in the EU-27. The majority Member States except Germany, Malta, Sweden and the United Kingdom have seen a decrease in the number of persons employed in agriculture in the period 2007–2012. In absolute terms, the main decrease took place in Poland, with 271,000 fewer persons working in the primary sector in 2012 (representing 29.0% of the total decrease in the EU-27), followed by Spain, France, Italy and Bulgaria. In terms of annual percentage change, the loss has been more important in Latvia (annual rate of –8.0%), Lithuania (–6.3%), Ireland (–5.0%), Cyprus (–4.8%) and Luxembourg (–4.6%), (Eurostat statistics, 2013).

The analysis of the literature refers how about fifty years ago some authors already highlighted how agriculture could strategically contribute to economic development under various aspects such as resources use, production improvements in both quantitative and qualitative terms, and foreign exchange (Johnston, Mellor, 1961; Kuznets, 1964; Mellor, 2000). The EU has set up a common rural development policy, also known as the ‘second pillar’ of the common agricultural policy (the ‘CAP’). The policy is implemented through multiannual programming periods. The period runs from 2007 to 2013 and payments must be completed by 2015. The policy is based on the co-financing principle: EU funds are complemented by national funding, and also by on project implementation phase. The EU co-finances operations through the European Agricultural Fund for Rural Development (EAFRD), for which 96 billion euro was budgeted for the programming period 2007 to 2013. This includes almost 5 billion euro supplementary funding made available following the ‘Health Check’ and the European Economic Recovery Plan (EERP). However, it must be said that over the last twenty years policy evaluation has become a prominent issue and an autonomous field of investigation. It has also occurred on the consideration of the fact that political institutions have started to pay a higher level of attention in assessing their activity with the aim of better orienting further political initiatives.

This results particularly true at the European level, where it is since long time that the Directorate General for Agriculture of the European Commission has implemented evaluation procedures and produced technical analyses aimed at pursuing what said above and, more specifically, at observing – and eventually correct – the way the