

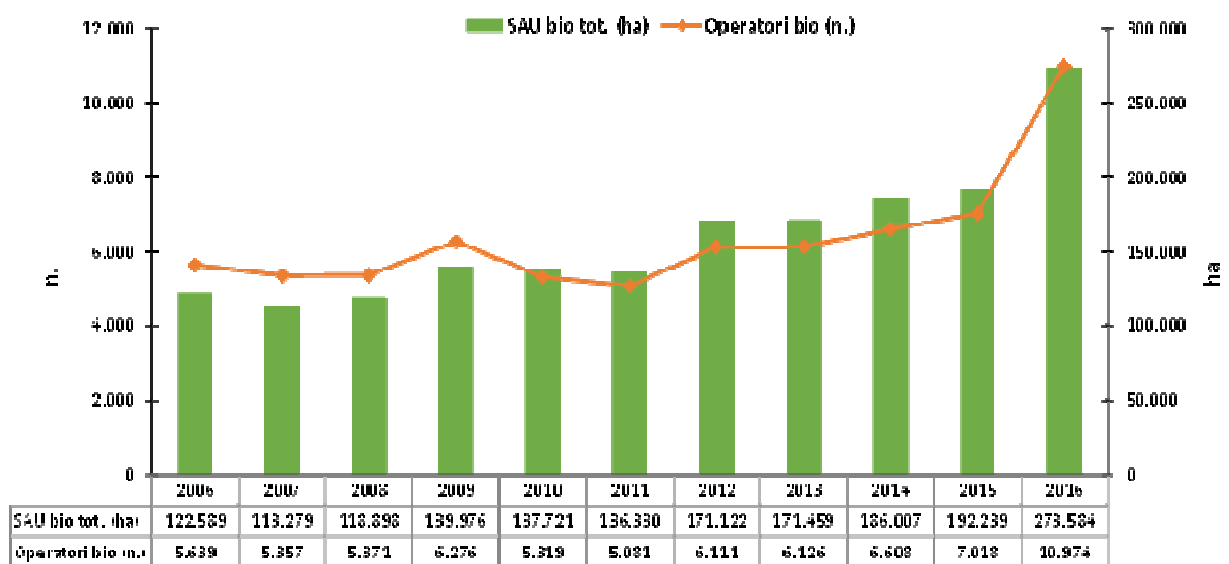
## Policy Brief: *Enhancing the competitiveness of SME in the organic sector*

### 1. Overview of the Agri-food sector in the Apulia region

- Outline the relevance of the agri-food sector to the rural economy of the region including the current state of the organic sector (e.g. latest production and market trends) in terms of the prospects to support SME competitiveness and sustainability in your region

According to the data published since 2001 by the National information system for organic agriculture SINAB (Sistema d'Informazione Nazionale sull'Agricoltura Biologica), and the regional Biobank Open Project, the **Apulia** region has been and continues to be one of the **leading regions in the Italian organic sector** in terms of cultivated surfaces and number of operators, who are predominantly agricultural producers. The trend of the organic surfaces and number of operators between 2006 and 2016 in the Apulia region is given in Figure 1 that clearly shows the continuous evolution of the sector and the large growth registered in the last year.

Figure 1 - Evolution of Organic agriculture in Apulia: operators (n.) and surface (ha), 2006-2016



Sources: 2006-2012: SINAB; 2013-2016: Biobank ORAB - Regione Puglia/CIHEAM Bari

Table 1 describes in brief the situation of the organic sector in the Apulia region from 2012 to 2016 in terms of structural (surfaces by crop types and operators by activity) and market (products type and market values) data.

Table 1 – Key data of the organic sector in Apulia, 2012-2016

REGIONAL DATA	31.12.2016	31.12.2015	31.12.2014	31.12.2013	31.12.2012
Number of organic producers	8,824	5,102	4,845	4,398	5,377
Num of Agricultural organic producers	8,499	4,902	4,666	4,282	5,260
Num of Livestock organic producers	319	198	173	114	117
Nm of Aquaculture producers	6	2	6	2	0
Number of organic processors	705	668	568	461	462
Number of organic importers	0	0	0	0	0
Number of producers-processors	1,337	1,246	1,194	1,266	262
Number of processors-importers	6	2	1	1	0
Number of producers-processors-importers	0	0	0	0	0
Total organic acreage (ha)	273,584	192,239	186,007	171,459	171,122
Organic arable land (ha)	121,784	91,987	89,385	81,399	72,340
Organic grassland (ha)	27,226	14,703	14,247	13,573	12,015
Organic permanent crops (ha)	119,969	84,219	81,107	75,178	75,341
<i>Of which olive trees (ha)</i>	85,939	60,458	58,604	54,695	54,663
<i>Of which vineyards (ha)</i>	14,187	10,080	9,597	8,328	10,173
<i>Of which grapevines (ha)</i>	3,965	2,483	2,398	2,324	
<i>Of which citrus (ha)</i>	2,817	1,948	1,760	1,708	1,565
<i>of which other permanent crops (ha)</i>	13,060	9,251	8,748	8,124	8,940
Nurseries (ha)	68	52	51	47	n.a.
Other UAA (ha)	4,538	1,278	1,217	1,262	11,429
Total Apulia farmland acreage (ha)	1,555,913	1,555,913	1,502,286	n.a.	n.a.
Organic share of farmland acreage (%) (including conversion)	17,6%	12,4%	12,4%	n.a.	n.a.

Sources: Structural data from BIOBANK Open Project

**Organic agricultural production is prevalent.** Organic agriculture in the Apulia region has been characterized since its beginning by the predominance of agricultural producers compared to other types of operators; with time, the presence of producers-processors became as well significant though less important.

As shown in table 1, the **most cultivated crops** are arable land (mainly durum wheat), olives and vineyards.

**Organic animal husbandry** is still limited although it registered a slow growth over the years.

**Organic processing** is mainly concentrated on extra virgin olive oil and wine.

## 2. Policy context - Current regional support measures.

- Introduce your region's national and regional agri-food policy including the organic sector
- Consider the organic actions plans in your country at both national and regional level and their relevance for your action plan development and implementation and the opportunities presented to improve SME competitiveness and sustainability in your region
- Provide an overview of measures and instruments that can support the regional organic sector

### Regional policies for the organic sector

The main regional agri-food policies for the development of the organic sector are highlighted in table 2.

Table 2: Main regional agri-food policies for organic sector

Instrument*	Responsible**	Beneficiary***	Financial contribution***	Production	Processing	Commercialisation & marketing	Training & advice	Education	Innovation	Value chain efficiency & governance
RDP 2014-2020 Puglia: Mis. 1 "Knowledge transfer and information actions" <sup>1</sup>	Regional Management Authority	Professional training body for farmers and their associations, agro-food SME (Priority for environmental issue)	EAFRD and Italian Government	x	x	x	x		x	x
RDP 2014-2020 Puglia: Mis. 2 "Advisory services, farm management and farm relief services" <sup>1</sup>	Regional Management Authority	By training and extension services to farmers and their associations (Priority for environmental issue)	EAFRD and Italian Government	x	X	x	x		x	x
RDP 2014-2020 Puglia: Mis. 3 "Quality schemes for agricultural products, and foodstuffs" <sup>1</sup>	Regional Management Authority	Farmers and their associations	EAFRD and Italian Government			x	x			X
RDP 2014-2020 Puglia Submis. 4.1: "Investments for the improvement of performance"	Regional Management Authority	Farmers and their associations (Priority to organic farmers)	EAFRD and Italian Government	x	x				x	x

Instrument *	Responsible **	Beneficiary ***	Financial contribution ***	Production	Processing	Commercialisation & marketing	Training & advice	Education	Innovation	Value chain efficiency & governance
and sustainability of agricultural holding”										
RDP 2014-2020 Puglia Submis. 4.2: “Investment for the processing/marketing and/or development of agri-foods” <sup>1</sup>	Regional Management Authority	SME and LE (Priority to organic operators)	EAFRD and Italian Government		x	x			x	x
RDP 2014-2020 Puglia Submis. 4.4: “Non-productive investments linked to the achievement of agri-environment - climate objectives” <sup>1</sup>	Regional Management Authority	Public and private organism (Priority to organism that grow in organic method)	EAFRD and Italian Government							x
RDP 2014-2020 Puglia: Mis. 9 “Setting - up of producer groups and organisations” <sup>1</sup>	Regional Management Authority	Farmers and their associations (Priority to farm increasing the re-use of waste for the production of organic products)	EAFRD and Italian Government	x	x	x				x
Rural Development Programme 2014-2020 Puglia: Mis. 11 “organic farming”	Regional Management Authority	Organic farmers and their associations	EAFRD and Italian Government	x						
Rural Development Programme 2014-2020 Puglia: Mis. 16 “Cooperation” <sup>1</sup>	Regional Management Authority	Farmers and their associations	EAFRD and Italian Government				x		x	x
Regional Programme: “Agricoltura & Qualità” for “Prodotti di Qualità” Puglia <sup>1</sup>	Director of Department of Agriculture, rural development and	Farmers, Agro-Food companies	Regional budget (Apulia Region) and CIHEAM Bari	x	x	x				

Instrument *	Responsible **	Beneficiary ***	Financial contribution ***	Production	Processing	Commercialisation & marketing	Training & advice	Education	Innovation	Value chain efficiency & governance
	environment of Apulia Region									
Regional Programme: Network of educational traditional farm houses <sup>1</sup>	Director of Department of Agriculture, rural development and environment of AR	Farmers and their association, students and guests	Regional budget (AR) and private budget	x	x	x	x	x		
Regional Action Programme for Organic Agriculture: Project "Biologicopuglia" (2012-2014) <sup>1</sup>	Department of Policies to for Rural Development of AR	Farmers, Association of farmers	Regional budget of Puglia Region by MiPAAF	x	x	x		x		x
Programme "The Apulian lifestyle for an happy long life" <sup>1</sup>	Regional Agency for health	Consumers, Trainer	Regional Action funded by autonomous regional budget			x	x			x
Regional Programme Contract information actions" <sup>1</sup>	Regional Management Authority	Large enterprises (LE)	ERDF and Italian Government		x	x	x		x	
Integrated Incentives Packages ME <sup>1</sup>	Regional Management Authority	Medium enterprises (ME)	ERDF and Italian Government		x	x	x		x	
Integrated Incentives Packages SE <sup>1</sup>	Regional Management Authority	Small enterprises (SE)	ERDF and Italian Government		x	x	x		x	
Article II <sup>1</sup>	Regional Management Authority	Micro and SME (MSME)	ERDF and Italian Government		x					
NESTS New initiatives of enterprises (micro) <sup>1</sup>	Regional Management Authority	Micro Enterprises (ME)	ERDF and Italian Government		x	x	x			
Microcredit <sup>1</sup>	Regional Management Authority	Micro Enterprises (ME)	Regional Action funded by autonomous regional budget		x					
Training Programme for enterprises <sup>1</sup>	Regional Management Authority	MSME	ERDF and Italian Government		x	x	x			
Programme TECNONIDI <sup>1</sup>	Regional Management Authority	SME	ERDF and Italian Government	x	x				x	

Note: \*(Please refer to relevant European Investment or Structural Funds e.g. ERDF, EAFRD or national fund if applicable);\*\* Please refer to relevant managing authorities e.g. EU, national, regional if applicable; \*\*\* Please refer to relevant EU, national, regional co-financing; <sup>(1)</sup> Not only for organic operators; AR: Apulia Region; SME: Small Medium Enterprise; MSME: Micro, Small and Medium Enterprise; LE: Large Enterprise; EAFRD: European Agricultural Fund for Rural Development; ERDF: European Regional Development Fund

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

- Provide an assessment of the relevance of the current regional policy environment for the development of your action plan by considering the measures your plan will utilise, barriers of utilising certain measures, what could be improved, what is missing etc. to support SME competitiveness and sustainability in your region

The regional policy context contributes positively to the development and implementation of the Organic Action Plan of the Apulia region, particularly, to the production sector. In fact, the regional policies has been favouring the growth of the organic sector in terms of surfaces and number of operators for about twenty years, primarily by the measure for organic farming of the Rural Development Programmes (RDP); all this has led to the Apulia region being one of the leading regions in the Italian organic sector.

In RDP 2014-2020, the measure 11 has added the subsidy for the conversion from conventional to organic farming, which is fostering a major growth of the surfaces and number of operators.

In certain measures of RDP, there are some priorities for organic operators in the selection criteria, particularly as follows:

- ✓ Sub-measure 4.1 “Investments in physical assets which improve the overall performance and sustainability of the agricultural holding, single and associated”.
- ✓ Sub-measure 4.2 “Investments in physical assets which concern the processing, marketing and/or development of agricultural products in SMEs and LEs”, operating in the processing / marketing of organic agricultural products in Puglia (referred to in Annex I of the Treaty -TFUE- both in and out of the production process, excluding fishery products, as better specified in Annex I to Reg. (EU) 1308/2013); therefore, some holdings can not be eligible for this measure, as well as cheese factories, bakeries, pasta factories, meat processing centres, etc., which process organic raw material and certify their foodstuffs.
- ✓ Sub-measure 4.4 “Support for non-productive investments linked to the achievement of agri-environment-climate objectives”, offers priority to public or private beneficiaries that manage enterprises, which cultivate by the organic farming method.
- ✓ Sub-measure 9.1 “Setting-up of producer groups and organisations” offers priority for producers who make the greatest contribution to the efficient and rational use of agricultural waste and residues for the production of renewable energy or for products from organic farming.

The activities of OP ERDF, while allocating potential financial opportunities to improve processing and marketing processes, also provide important resources to SMEs for research, promotion and training, but unfortunately do not give specific priority to those enterprises that process organic products; it should be noted that also agricultural and agri-food SMEs (agricultural enterprises, agricultural production cooperatives, etc.), although produce products in Annex I, could use the funds made available by OP ERDF 2014-2020, but for their ATECO code, they are not directly eligible for financing; more generally, concrete opportunities concern people who are able to form themselves in non-agricultural societies and consortia, for example, service companies for agriculture as for training, research, promotion (in this context, agricultural

enterprises could receive advantageous development opportunities such as members or customers of the same companies).



## 4. Recommendations for regional policymakers to improve the current policy environment

- Based on your experience what is still needed from regional policymakers to support the development and implementation of organic actions plans to proactively support SME competitiveness and sustainability

The experience gained in the past two years has highlighted the relevance and the effectiveness of the sharing with the participative approach, of all stakeholders involved in the various roles in the regional development policies for the establishing together of the actions and measures finalized in favour of training, knowledge, research, innovation, internalization, competitiveness and sustainability in SMEs.

Particularly, it would be desirable that other RDP measures give the priority in the selection criteria to agricultural and agri-food enterprises when they adhere to organic farming method, and certify their products (see the measures that meet the priority 4 of RDP that aim to improve the biodiversity, eco-sustainable cultivation techniques, rationalization of the use of natural resources, for example the measure 5.2 "

Investments for the restoration of agricultural land and production potential damaged by natural disasters, adverse climatic events and catastrophic events.", and as well as the measure 16 "Cooperation").

In the medium term, it would be a good suggestion that OAP be generally utilized by policy makers as good model or driver for the drafting of the new regional programme post-2020.

It is also recommended to establish a new worktable composed by all stakeholders who represent organic sector including the social-economic partnerships of the main European funds (ERDF and EAFRD) the stakeholders of the Project, the managers of the involved Departments of the Regional Administration, with the aim of working together to draft a new integrated and shared Programme using the best implementing of the European, National and Regional funds respecting the process of demarcation and of efficiency of various funds as hopes for by EU Government in past.

Finally, a relevant recommendation directed to policy makers, is to implement a specific action of dissemination and promotion of the opportunities by the EU, National and Regional Programmes, which are not well known by the economic operators who therefore, at present, lose opportunities for improving the competitiveness and the sustainability of their enterprises.