

WORKING DOCUMENT
RURAL DEVELOPMENT COMMITTEE

MEMBER STATE: Italy **REGION:** Puglia

1. APPROVED PROGRAMME: Programma di sviluppo rurale 2007-2013 della Regione Puglia – C (2008) 0737 of 18 February 2008. CCI 2007IT06RPO020

2. LEGAL BASIS FOR THE MODIFICATION

Modification related to the first implementation of Article 16a of Regulation (EC) No 1698/2005; Changes to the total Community contribution for the entire programming period - Revisions under Article 6, paragraph 1, letter a) of Regulation (EC) No 1974/2006

Other modifications – under Article 6, paragraph 1, letter c), of Regulation (EC) No 1974/2006

3. REASONS JUSTIFYING THE AMENDMENT / STRATEGY CHOSEN

The revision of RDP Puglia concerns:

1) Amendments following the adoption of the Health Check and the European Recovery Package as well as the programming of additional money from modulation/wine.

2) Amendments necessary to ensure a better implementation of the programme and/or following modifications of the legal and administrative framework.

Amendments following the adoption of the Health Check (HC) and the European Recovery Package (ERP) as well as the programming of additional money from modulation/wine.

Following the adoption of HC and the ERP, and in coherence with the revised Community Strategic Guidelines, the Italian NSP first presented to the Commission on July 13 takes into account all the new priorities, including broadband infrastructure.

The RDP Puglia has been assigned a total of **82.257.000** € in terms of EAFRD additional contribution, of which 45 654 000 € for new challenges and broadband, and 36.603.000 € from modulation/wine.

The RDP Puglia already includes all the priorities linked to the "new challenges". Consequently, the proposed modification does not concern the introduction of new priorities, but the reinforcement and/or the modification of existing actions as well as the introduction of new operations. Following the revision of the CSG and the NSP, the assessment of which priorities have to be reinforced has been carried out.

The analysis of the situation in terms of strengths and weaknesses has been revised including references to the milk sector, agri-environment challenges (loss of organic matter, stubble burning, waste water for irrigation, biomass) and broadband coverage.

The allocation of the additional resources among the priorities is the following: climate change (14%), water management (10%), biodiversity (29%), renewable energy (10%), measures accompanying restructuring of the dairy sector (14%) and broadband infrastructure in the rural areas (23%).

The financial balance between axes is slightly modified: axis I represents now 39% (from 40%), axis II 36% (from 35%), axis III 4% (from 3%), axis IV 18% (from 19%), while technical assistance remains unchanged.

4 DESCRIPTION OF THE AMENDMENTS PROPOSED:

4.1 New priorities / types of operations

- Concerning the 'new challenges' the situation is the following:

Measures accompanying restructuring of the dairy sector

The dairy sector (bovine) in Puglia represents 37% of total animal production, while animal husbandry represents only 9% of total GSP. Dairy farms are usually of small-medium sized, extensive with low environment impact. In view of the phasing-out of the milk quota system, the sector will have to face important structural changes: in order to adapt to the new market conditions (drop of milk prices) dairy producers will have to further reduce the costs of production, modernising their structures and machinery. Measures accompanying restructuring of the dairy sector will be implemented through measure 121 (6,5 M €).

Water management

Water availability in rural areas of Puglia does not satisfy the needs of the farmers; in addition, the use of abusive wells is increasing. In the last programming periods, 20 waste water depuration plantings were set. To address the new challenge water management, additional funding (4,3 M €) will be used to reinforce measure 125, to support the improvement/modernisation of the distribution network of treated waste water for irrigation, in order to save water. The regional irrigated area will not be increased.

Renewable energies

Agro-forestry biomass represents in Puglia the most promising source of renewable energy for both the diversification of farm activities and the valorisation of forestry. In the framework of diversification of farms activity and environment protection it is proposed to support investments for the production of energy from renewable sources (mainly biomass). 4,3M € will be devoted to this priority through measure 311 implemented by the LAGs in the context of axis 4.

Broadband infrastructure in rural areas

The EU Recovery Package and the strategic guidelines consider investments in broadband of major importance for the direct and indirect creation of employment and growth. In this field, the objective of the Italian NSP is to secure access to all citizens to fast (up to 20 Mbit/s) broadband. Measure 321 will support the development of optical fibre infrastructures in some municipalities and of wireless service for rural areas not connected to broadband with additional 10,5 M €

Climate change

The region is affected by processes of desertification, soil erosion, and loss of organic matter. The priority of intervention will be addressed by the new measures 214/5, green cover of arboriculture land that will increase carbon sequestration and promote the sustainable use of soil avoiding desertification and erosion, as well as measure 214/6, stubble leaving and/or ploughing, that will also increase the content of organic matter as a means of climate change mitigation (reducing desertification processes).

Biodiversity

Biodiversity richness in Puglia is threatened, particularly the avifauna. The new action conversion of arable land into pasture (measure 214/6) will contribute to biodiversity conservation (birds species protected by the "Bird" Directive). Measure 214/4 (regional biodiversity network) should also contribute to the new challenge biodiversity, by promoting the exchange of information for the conservation and collection of genetic resources in agriculture. Finally, measure 216, buffer strips and wetlands creation, will contribute to protection of birds and other wildlife and improvement of biotope network, conservation of protected fauna and flora while reducing entry of harmful substances in bordering habitats.

- Table 5.3.6 provided in the RDP

Measure	Types of operations	Potential effects	Existing' or 'New' type of operation (E or N)	Reference to the description of the type of operation in the RDP	Output indicator – target	
					Number of farm holdings supported	Total volume of investment ('000 EUR)
121	Investment support related to dairy production	Improvement of dairy farms and milk production competitiveness	E	Measure fiche 121	141	21,2
125	Water saving technologies	Improvement of the capacity to use water more efficiently and to improve the capacity to store water (water saving; use of	N	Measure fiche 125	4	7,1

		depurated waste water)					
Measure	Types of operations	Potential effects	Existing' or 'New' type of operation (E or N)	Reference to the description of the type of operation in the RDP	Output indicator – target		
					Number of holdings supported	Total area supported (Ha)	Physical area supported (Ha)
214	Improve efficiency of nitrogen fertiliser use	Reduction of methane (CH ₄) and nitrous oxide (N ₂ O) emissions	N	Measure fiche 214/2a	1129	1976	1976
	Information and dissemination of knowledge related to biodiversity	Raising awareness and knowledge and thus, indirectly, the efficiency of operations related to biodiversity	E	Measure fiche 214/4	4		
	Soil management practices	Reduction of nitrous oxide (N ₂ O), carbon sequestration, adaptation to the effects of climate change on soil	N	Measure fiche 214/5	1313	2299	2299
	Land use change (e.g. conversion of arable land to pastures, permanent set-aside)	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering habitats, conservation of protected fauna and flora	N	Measure fiche 214/6	1313	2299	2299
Measure	Types of operations	Potential effects	Existing' or 'New' type of operation (E or N)	Reference to the description of the type of operation in the RDP	Output indicator – target		
					Number of holdings supported	Total volume of investment ('000 EUR)	
216	Perennial field and riparian boundary strips and biobeds	Bu Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in	E	Measure fiche 216/2	118	3,53	

		bordering habitats, conservation of protected fauna and flora				
321	New broadband infrastructure including backhaul facilities	Broadband for improvement of quality of life in rural areas	N	Measure 321, action 2 ICT networks	5	11,967
	Upgrade of existing broadband infrastructure		N		5	3
	Laying down passive broadband infrastructure		N		5	2
413	Installations/infrastructure for renewable energy using biomass and other renewable energy sources (solar and wind power, geothermal)	Substitution of fossil fuels	E	Measure fiche 311	74	14,12

4.2 Description of the amendments proposed to axes and measures

Amendments following the adoption of the Health Check and the European Recovery Package as well as the programming of additional money from modulation/wine.

Measure 121 (Modernisation of agricultural holdings)

The specific objective of the measure, "valorisation of agricultural products, and improvement of processes" is modified including the reference to the dairy sector. It is stated that the measure will contribute to the new challenge 'restructuring of the dairy sector' by strengthening the holdings operating in the production of dairy products.

The existing operations (investments for the modernisation of the holdings, for the reductions of production costs, for the improvement of the quality, etc) are reinforced with additional money from HC.

Output indicators linked to HC/RP operations: 141 holdings supported and 21,2 M € of total investments.

Measure 125 (Infrastructure related to the development and adaptation of agriculture and forestry)

A new action/intervention is added to meet the "priority" water management: the eligible operations concern the modernisation of water distribution systems, in particular using

treated water coming from waste water depuration plantings for irrigation purposes. . These operations aim at saving the resource and will not lead to an increase in the irrigated areas of the Region.

- Beneficiaries: as for the already existing operations, are public administration and public institutions;
- Public aid intensity: as for the already existing operations, 100% of the eligible costs.

The operation will contribute to the new challenge "water management".

Output indicators linked to HC/RP operations: 4 operations supported and 7,1 M € of total investments.

Measure 214 (Agri-environmental payments)

The following new operations are added/modified:

- 214/2: improvement of soil quality - stubbles leaving and/or ploughing
- 214/5: permanent green cover on arboriculture areas
- 214/6: conversion of arable crops into pastures
- 214/7: regional biodiversity network

214/2: improvement of soil quality

sub-action b: stubbles leaving and/or ploughing

The sub-action b is added and justified with regards to the increased erosion and organic matter loss; it will contribute to address the "priority" climate change, through the mitigation of the desertification effects.

The operation will finance the practice of stubble chopping (15 cm) and/or ploughing (between 10 and 30 cm); prior to ploughing organic nitrogen fertilisation will be provided (limitations to nitrate vulnerable zones); ploughing will be possible only after 30 august.

Localisation: The area of intervention is the whole regional area with priority in Sub appennino Dauno, fossa Bradanica and Murgia.

- Beneficiaries: all registered farmers except for animal production farms.
- Amount of support: 64 €/ha/year,

The support cannot be combined with other operations of measure 214.

Output indicators linked to HC/RP operations: 1129 farm holdings supported and 1976 ha of total area under agri-environmental support.

214/4: integrated projects and regional system for biodiversity conservation

A new sub-action is added for the conservation of genetic resources in agriculture through actions promoting the exchange of information for conservation, characterisation, collection (data bases) and use of genetic resources in agriculture.

- The beneficiary is region Puglia.
- Aid intensity: 100% of costs.

Output indicators linked to HC/RP operations: 4 actions related to genetic resources.

214/5: permanent green cover on arboriculture areas

The new sub-measure will support the establishment and maintenance of a green cover on arboriculture areas maintained through cutting (three times per year). No fertilisers can be used. The aim is contributing to the "priority" climate change by increasing CO₂ fixation and adaptation to the effects of climate change on soil.

- Beneficiaries: all registered farmers;
- Amount of support: 102 €/ha/for the first year, and 57 €/ha for the following years.

Localisation: the whole regional area, with priority to Natura 2000 and protected areas.

The support cannot be combined with other operations of measure 214.

Output indicators linked to HC/RP operations: 1313 farm holdings supported and 2299 ha of total area under agri-environmental support.

214/6: conversion of arable crops into pastures

The new sub-measure will support the conversion of arable land into permanent pastures. The main purpose of the operation is to preserve biodiversity of avifauna (protected by directive 79/409/CEE), but also, as a secondary effect, to increase carbon sequestration in the soil and limit erosion.

The action will support the following commitments: no tillage, no hydraulic interventions, livestock density between 0,2 and 0,8 LU/ha, no cutting between 1st March and 15th July, avoiding development of exotic plants.

- Beneficiaries: all registered farmers;
- Amount of support: 150€/ha/year.

The support cannot be combined with other operations of measure 214.

The localisation is Natura 2000 and protected areas.

Output indicators linked to HC/RP operations: 1313 farm holdings supported and 2299 ha of total area under agri-environmental support

Measure 216 (Non productive investments - buffer strips and wetland)

The sub-measure 216/2 is reinforced to better contribute to biodiversity conservation. In particular, the following existing actions are reinforced with additional money from HC: the establishment of tree/bush areas (maximum area of 0,2 ha separated by a strip of 20 m) of indigenous or traditional species and establishment and recover of small wetlands also for phytodepuration.

Output indicators linked to HC/RP operations: 118 holdings supported and 3,53 M€ of total volume of investment.

Measure 311 (Diversification into non-agricultural activities)

The already existing measure, in particular action 5 (production of bio-energy), is reinforced in order to promote the production and use of renewable energy, in particular from biomass. The measure will be implemented by the LAGs, therefore the additional budget and the indicators related to these operations figure in axis 4.

Measure 321 (Basic services for the economy and rural population)

Among the aims of the measure, it is indicated that one of the priority identified in relation to the new challenges is the objective of reducing digital divide on the access to broadband. The additional money will be allocated to the new sub-measure 2, ICT networks. The new sub-measure proposed will support the following operations:

- (1) Creation of and enabling access to broadband infrastructure (fixed, terrestrial wireless, satellite-based or combination of technologies): implementation of optical fibre infrastructures in the municipality of Castelluccio Valmaggiore, Faeto, Volturara Appula and Volturino, Isole Tremiti S. Domino; implementation of wireless service for rural areas not connected to broadband (up to 20Mbit/s).
- (2) Upgrade of existing infrastructure;
- (3) Laying down passive broadband infrastructure.

Localisation: C and D areas of the Region

State aid provisions: aid will be granted in accordance with the *de minimis* rule, until the approval of the national scheme for broadband notified to the Commission.

- Beneficiaries: Region Puglia.

Demarcation with EFRD: EAFRD will finance operations in rural areas classified C and D while EFRD will intervene in areas A, B and municipalities of C and D areas not included in the approved State Aid notification.

- Aid intensity: 100% of costs

Output indicators linked to HC/RP operations

sub-action 1): Number of actions supported: 5; total volume of investments: 11,967 M€

sub-action 2): Number of actions supported: 5; total volume of investments: 3 M€

sub-action 3): Number of actions supported: 5; total volume of investments: 2 M€

Other modifications – under Article 6, paragraph 1, letter c), of Regulation (EC) No 1974/2006

Measure 112 (Setting up young farmers)

The proposed modification deletes the limitation to only one payment per farm. In case of multiple establishments (maximum 3 young farmers per holding), specific conditions regarding the decision making capacity and commitments to respect the business plan are applied.

The other modification introduces the requirement of a minimum amount of investment plan of 25.000 Euro.

Measure 121 (Modernisation of agricultural holdings)

Introduction of the requirement of a minimum amount of investment of 30.000 € and maximum 2 000.000 €

Deletion of the expenses admissibility date starting with the date of submission of the application; the proposed date of admissibility of expenditure is 1 January 2009.

Measure 123(Adding value to agric forestry products)

Deletion of the expenses admissibility date starting with the date of submission of the application; the proposed date of admissibility of expenditure is 1 January 2009 (with the exception of forestry operations).

Introduction of a new admissibility criteria: to increase the efficacy and efficiency of the measure, only the operations of minimum 300.000 € and maximum 5.000.000 € will be supported.

Chapter 5.3.2 Axis II

Measure 214/1 Organic farming

Payment to support fodder crops (in addition to cereals) is added.

Measure 214/2 improvement of soil quality

Deletion, for measure 214/2a, of the definition of organic fertilizer and replaced the requirement of the use of quality organic fertilizer in accordance with legislative decree 217/2006 is added.

Measure 323(Conservation and upgrading of the rural heritage)

Extension of the application of the measure 323/2 (monumental olive tree) to specialised intensive farming areas (rural areas classified as B), with priority given to C and D rural areas. In the approved RDP this action was limited to intermediate rural areas (C area) and rural areas with development problems (B area).

Measure 421 (development of Inter-territorial and transnational cooperation projects)

Deletion of the criteria "partners of two different regions" for the inter-territorial cooperation projects.

Chapter 10.2 (complementarity with first pillar)

Following the modification of CMO fruit and vegetables as well as the revision of the NSP on demarcation with first pillar instruments, the chapter as been modified accordingly:

Fruit and vegetables: concerning measure 121, the members of the PO will be supported by the RDP only for the operations above 50.000 € Regarding measure 123, PO and members of the PO will be financed under the RDP only for investments above 50.000 € Concerning measure 214, the RDP will finance all the commitments of the measure (PO will only support actions not covered by the RDP). Concerning measure 111, the information activities supported by the RDP will not be addressed to the members of the PO for same issues covered by the CMO. Concerning measures 114, fruit and vegetables and olive oil, advisory and technical assistance interventions will be supported only by the CMO for their members. Members of the OP will be excluded of measure 132, for the same products covered by the CMO; PO will support the cost of certification and beneficiaries will be excluded from RDP support. On information and promotion activities (measure 133), the PO will not be beneficiaries of the RDP.

Wine: the restructuring and the reconversion of vineyards will be financed only by the CMO. The RDP will support all the other actions related to this sector, but limited to quality products. Concerning investments for processing and marketing of wine, the RDP will support these operations only for quality wines, which are excluded from the support under the CMO.

Specific support (article 68 of Regulation n.73/09): the following specific support measures will be implemented in Italy: a) measures for improving the quality of agricultural products (for beef, sheep meat, olive oil, milk, tobacco, sugar and *danae racemosa* – Alexandrian laurel), b) a measure for supporting specific agricultural activities entailing additional agri-environment benefits, c) crop, animal and plant insurance premiums. Similar or identical operations financed under article 68 will not be supported under the RDP.

5. THE EXPECTED IMPACTS OF THE AMENDMENTS

Impact on the programme implementation:

The modifications under art. 6.1.a of R. 1974/2006 provide additional resources to meet the challenges linked to renewable energies, water management, climate change, biodiversity, support to dairy sector and broadband.

The modifications under art. 6.1c will contribute to a better implementation of the programme by clarifying the correct interpretation of some measures.

Impact on the indicators:

Output, result and impact indicators of the programme are updated to take into consideration the additional support for HC/RP operations.

6 ASSESSMENT

General assessment of the modification

- Justification and description that amendments are in line with the National strategy plan, notably in relation with the priorities chosen.

The modifications proposed are justified. The choices in terms of allocation of the additional financing for the new challenges are coherent with the aims of the Health Check and the needs of the Region.

- Verification that the changes are in conformity with the Council Regulation (EC) No1698/2005 and with the Commission Regulation (EC) No 1974/2005.

The modifications comply with the relevant requirements of Regulation (EC) n ° 1698/2005 and Regulation (EC) N 1974/2006.

- Appraisal of respect of competition rules, especially in case of support broadband infrastructure. In this case, mention also the conditions for demarcation with EFRD.

Aid for developing broadband infrastructure will be granted in accordance with the *de minimis* rule until the approval by the Commission of the national scheme for broadband.

7 FINANCING

Tables as provided in the SFC.

Table 6.1. Annual contributions from the EAFRD (in EUR)

	2007	2008	2009	2010	2011	2012	2013	Total
Convergence region	121.998.000	121.280.000	121.808.000	125.538.000	132.990.000	132.546.000	131.770.000	887.930.000
Additional funds from Article 69(5a) of Regulation (EC) No 1698/2005 – non-convergence region	0	0	6.205.000	10.169.000	7.432.000	9.694.000	12.154.000	45.654.000
Total	121.998.000	121.280.000	128.013.000	135.707.000	140.422.000	142.240.000	143.924.000	933.584.000

Table 6.2.1: Financial plan by axis (in EUR total period)

Axis			
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	617.893.913	57,5	355.289.000
Axis 2	554.977.957	57,5	319.112.325
Axis 3	40.000.000	57,5	23.000.000
Axis 4	286.956.522	57,5	165.000.000
Technical Assistance	44.397.695	57,5	25.528.675
Total	1.544.226.086	57,5	887.930.000

Table 6.2.2: Financial plan by axis - Additional funds from Article 69(5a) of Regulation (EC) No 1698/2005

Axis			
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	17.645.166	62,17	10.970.000

Axis 2	31.764.517	62,17	19.748.000
Axis 3	16.966.382	62,17	10.548.000
Axis 4*	7.058.067	62,17	4.388.000
Technical Assistance	0	0	0
Total	73.434.132	62,17	45.654.000

*Implementation of measure 311/5

Table 6.3. Indicative budget related to operations referred to in Article 16a of Regulation (EC) 1698/2005 between 1 January 2009 and 31 December 2013 (Article 16a(3b) up to the amounts specified in Article 69(5a) of Regulation (EC) No 1698/2005).

Axis/measure	EAFRD contribution for 2009-2013
Axis I	
Measure 121	6.582.000
Measure 125	4.388.000
TOTALE AXIS I	10.970.000
Axis II	
Measure 214	17.554.000
Measure 216	2.194.000
TOTAL AXIS II	19.748.000
Axis III	
Measure 321	10.548.000
- Related to priorities listed in Article 16a(1), points (a) to (f) of Regulation (EC) No 1698/2005	0
- Related to priorities listed in Article 16a(1), point (g) of Regulation (EC) No 1698/2005	10.548.000
TOTAL AXIS III	10.548.000
Axis IV	
Measure 413	4.388.000
- Related to priorities listed in Article 16a(1), points (a) to (f) of Regulation (EC) No 1698/2005	4.388.000

- Related to priorities listed in Article 16a(1), point (g) of Regulation (EC) No 1698/2005	0
TOTAL AXIS IV	4.388.000
TOTAL PROGRAMME	45.654.000
Total under Axis 1, 2, 3 and 4 related to priorities listed in Article 16a(1), points (a) to (f) of Regulation (EC) No 1698/2005	35.106.000
Total under Axis 3 and 4 related to priorities listed in Article 16a(1), point (g) of Regulation (EC) No 1698/2005	10.548.000

Measure /axis		Additional financial resources from modulation and CMO	
Axis I		Public expenditure	EAFRD
121	Modernisation of agricultural holdings	11.935.761	6.863.063
125	Infrastructure related to the development and adaptation of agriculture and forestry)	7.957.174	4.575.375
Axis II			
214	Agri-environmental payments	31.828.696	18.301.500
216	Non-productive investments	3.978.587	2.287.688
Axis IV			
413	Quality of life/diversification	7.957.174	4.575.375
TOTAL		63.657.391	36.603.000