

WORKING DOCUMENT
RURAL DEVELOPMENT COMMITTEE

MEMBER STATE: Italy **REGION:** Emilia-Romagna

1. APPROVED PROGRAMME: Programma di sviluppo rurale 2007-2013 della Regione Emilia-Romagna – C(2007)4161 - 12/09/2007 CCI 2007IT06RPO003

2. LEGAL BASIS FOR THE MODIFICATION

- Modification related to the first implementation of Article 16a of Regulation (EC) No 1698/2005, to changes in the total Community contribution for the entire programming period and to the alteration of the Community co-financing rates – Modifications 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

1) Amendments following the adoption of the Health Check (HC) and the European Recovery Package (ERP), the allocation of modulation and CMO wine additional funds and to the alteration of the Community co-financing rates.

2) Amendments for improving programme implementation and adjustments to changes in the legal and administrative framework.

Amendments following the adoption of the Health Check and European Recovery Package, the allocation of modulation and CMO wine additional funds and to the alteration of the Community co-financing rates – Modifications under Article 6, paragraph 1, letter a), of Regulation (EC) No 1974/2006

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

In this context, the RDP of Emilia-Romagna has been assigned a total of 72,334,000 € in terms of EAFRD additional contribution, of which € for 30,827,000 for new challenges and broadband and 41.507.000 € from modulation/CMO Wine.

The RDP of Emilia Romagna takes up all the new challenges, for which it allocates both HC/RP amounts and modulation/Wine CMO amounts, with the exception of renewable energies, for which only modulation/Wine amounts are allocated. Emphasis is placed on the restructuring of the milk sector and water management. Most resources are allocated to existing actions and operations, with the exception of a new measure 125 for the Water Management priority and a new action under measure 321 for the Broadband priority.

The HC/RP resources will be allocated to the following priorities: 1% for climate change, 46% for water management, 8% for biodiversity, 29% for the restructuring of the dairy sector and 16% for broadband internet infrastructure in rural areas. The Region considers innovation in connection to the first 4 challenges (points (a) to (d) of Article 16a, 1 of Council Regulation (EC) No1698/2005) to be already present as a horizontal priority throughout the approved RDP of Emilia-Romagna.

The financial distribution of the additional resources (HC/RP and Modulation/Wine CMO) is: 52% for Axis 1, 31 % for Axis 2, 13% for Axis 3, 3% for Axis 4 and 1% for Technical assistance, while the overall financial distribution pre- and after modification is:

	Pre-Modification Spending Rates	Post-Modification Spending Rates
Axis 1	41%	42%
Axis 2	42%	41%
Axis 3	11%	11%
Axis 4	5%	5%
Technical assistance	1%	1%

4 DESCRIPTION OF THE AMENDMENTS PROPOSED:

4.1 New priorities / types of operations

Climate change

Against the background of a '20/20/20' approach in reduction of greenhouse gas emission and fighting climate change, the region proposes to reinforce operations under Axis 2, especially measure 214 – 'Agri-environment payments'. The Region specifies that this choice is made with a view to maximising the geographical reach of interventions by adding funding to already-activated agri-environment operations. The new amounts will be allocated especially to operations regarding integrated production and organic farming, while also increasing support for extensive grassland management. As livestock farming is a very important activity in the region and is also the main sector responsible for methane emissions, the Region intends to consolidate production technologies that minimize its negative environmental impact, increasing support for more extensive types of production, especially for organic production.

Renewable energies

In order to respond to the requisite to reduce polluting emissions and gradually decrease the quantity of fossil fuel employed for energy production, the renewable energies priority shall be pursued especially under Axis 3 (Measure 311 – 'Diversification onto non-agricultural activities'). The operations refer to renewable energy installations with capacities of less than 1 Mw producing for local communities. These will be fuelled by biogas, animal waste or agricultural biomass (here, an opportunity is seen in the use of sugar beet biomass) or forestry biomass (e.g. poplar for short rotation forestry). Moreover, solar, geothermal or wind energy production installations could be supported. The new resources will be allocated to existing operations.

Water management

With regard to the Water management priority, the Region's strategy is to strengthen interventions under Axes 1 and 3. Under Axis 1, measure 125 will be activated in order to address the problem of water shortage, which the Region considers to have become more acute since the beginning of the implementation of the actions. Emilia-Romagna has already implemented an 'expert irrigation

system': Irrinet. Against this background, the Region plans to allocate additional amounts for small water reservoirs and their pertaining water distribution networks for agricultural purposes. With regard to Axis 2, under measure 214, the qualitative aspects of the water resource will be considered (28.3% of the Region has been classified as nitrate vulnerable zones). Resources will be allocated for improving soil management practices and for implementing crops and activities that help decrease water pollutants, as well as technologies and crops requiring reduced amounts of water. The effects foreseen by the Region are twofold: quantitative and qualitative safeguard of the water resource.

Biodiversity

This priority is pursued under Axis 2, measure 214 – 'Agri-environment measures'. Operations regard areas of special nature value (e.g. Natura 2000 areas) and more generally the conservation of genetic diversity and of local varieties and breeds risking extinction. Support will be given for employing more environmentally-friendly agricultural technologies (decrease of fertilizer and pesticide use, integrated and organic farming) and for extensification of livestock production.

The Region also provides an update on the implementation measures for the "Natura 2000" Directive, specifying that general and specific conservation measures have been drawn up for the agricultural areas present in Natura 2000 sites (8.7% of the Region's agricultural areas are in Natura 2000 sites).

Measures accompanying restructuring of the dairy sector

Against the background of the phasing out of milk quotas, the restructuring of the milk and dairy sector is a high priority for Emilia-Romagna due to the significant share of the sector in the agricultural output of the region (17.4%). This priority will be pursued with different means, under Axes 1 and 2. Axis 1 operations (measures 121 and 123) will be related to support investments connected to milk and dairy production and to the improvement of processing and marketing. Under Axes 2 (actions 2 and 8 of measure 214) the support concerns bovine dairy farms. Premia shall be given for pastures, for extensification of production and organic dairy farming. It is stated that support is intended to improve the environmental compatibility of the milk and dairy sector.

Broadband internet infrastructure in rural areas

Access to good quality ICT infrastructure is seen as one of the basic needs for the development of rural areas. The Emilia-Romagna Region specifies that it shall direct the ERP amounts dedicated to broadband internet infrastructure to localities where ADSL network coverage is non-existent and to areas where it is inadequate (connections under 1Mbit/s) - in 21 municipalities belonging to rural zones classified as C and D. Of the 856 existing phone exchanges, 154 are not equipped for ADSL (of which 31 with MUXs) and 191 are equipped with miniDSLAM and thus requiring upgrade. The region intends to support network upgrade, new infrastructure in yet-unconnected localities through the extension of backbone optic fibre networks and passive infrastructure in the 21 aforementioned municipalities. The objective of the Italian NSP is to secure access to all citizens to internet connection of minimum 2 Mbit/sec, up to 20 Mbit/sec.

- Table 5.3.6 provided in the RDP

Measures	Priority	Type of operation	Potential effects	Existing" or "new" type of	Reference to the description	Output indicator – target
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					operation	of the type of operation in the RDP	No. of farm holdings supported	Total volume of investment (000 euro)
121	Modernisation of agricultural holdings	e) restructuring of the dairy sector	Investment support related to dairy production	Improvement of the competitiveness of the dairy sector	existing	p. 248	281	31.216
125	Infrastructure related to the development and adaptation of agriculture and forestry	c) Water management	Water savings technologies (e.g. efficient irrigation systems) Water storage (including water overflow areas))	Improvement of the capacity to use water more efficiently and of the capacity to store water	new	p. 282-283	14	14.613

	Measures	Priority	Type of operation	Potential effects	"Existing" or "new" type of operation	Reference to the description of the type of operation in the RDP	Output indicator – target			
							No. of farm holdings supported	Total area supported (Ha)	Physical area supported (Ha)	No. of contracts
214	Agri-environment payments	a) Climate change	Soil management practices (e.g. tillage methods, catch crops, diversified crop rotations)	Reduction of nitrous oxide (N ₂ O), carbon sequestration, reduction of negative effects of climate change on soil	existing	p. 319-356	101	1.818		114
		c) Water management	Soil management practices (e.g. catch crops, Organic farming, conversion of arable land to permanent pasture)	Contributing to the reduction of losses of different compounds to water, including phosphorus	existing	p. 319-356	1.204	21.676		1.355
		d) Biodiversity	Perennial field and riparian boundary strips and biobeds Setting up of management plans for Natura 2000 Construction/management of biotopes/habitats within and outside Natura 2000 sites Land use change (extensive grassland management, conversion of arable land to permanent pasture, long-term 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	existing	p. 319-356	269	4.847		303
			Conservation of genetic diversity	Conservation of genetic diversity	existing	p. 319-356	3 (act. 6)	70 (act. 6)		4 (act. 6)

Total for measure 214 output indicators – Agri-environment payments	1.578	28.411	28.127	1.776
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	Measures	Priority	Type of operation	Potential effects	"Existing" or "new" type of operation	Reference to the description of the type of operation in the RDP	Output indicator – target	
							No. of beneficiaries	Total volume of investment (000 euro)
321	Basic services for the economy and rural population	g) Broadband	Creation of and enabling access to broadband infrastructure including backhaul facilities and ground equipment (e.g. fixed, terrestrial wireless, satellite-based or combination of technologies)		new	p. 404-405	45	17
			Upgrade of existing broadband infrastructure		new	p. 404-405	10	2,313
			Laying down passive broadband infrastructure (e.g. civil engineering works such as ducts, and other network elements such as dark fibre, etc.) also in synergy with infrastructures (energy other , transport, water, sewerage networks, etc		new	p. 404-405	20	4,627

4.2 Description of the amendments proposed to axes and measures

Amendments following the adoption of the Health Check and the European Recovery Package

Measure 121 - Modernisation of agricultural holdings

The measure contains existing operations placed under the Restructuring of the milk and dairy sector priority, with a total additional EAFRD amount of 8,990,135 EUR.

Action 1 – 'Modernisation of agricultural holdings'

Under Action 1, there are several possible investments listed as concurring to the restructuring of the milk and dairy sector priority:

- investment support for the rationalization of production cycles and cost reduction,
- improvement of animal welfare and
- reduction of environmental impact.

Output, result and impact indicators recalculated to account for new amounts

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

New measure, funded with Health Check resources. The measure is being allocated 7,364,800 euro from the EAFRD.

The measure will contribute to achieving the objectives of the new challenge "water management" in connection to agricultural production and livestock activities. The measure envisages investments for the creation and upgrade of small water reservoirs and related networks for agricultural purposes throughout the territory of Emilia-Romagna, with priority given to mountain and hills areas.

Types of investments supported: reservoirs (capacity between 50.000 and 250.000 m³) related devices (e.g. access ladders, enclosures, signs), structures for distributing the water to the farms, systems for managing water distribution (control devices); related software, advisory services and feasibility

studies. Intangible investments cannot exceed 12% of tangible investments, while advisory services and studies cannot exceed 10% of the latter.

Investments specifically excluded are acquisition of land, second hand equipment and maintenance of existing infrastructures and reservoirs.

Beneficiaries: Groups of agricultural holdings with a minimum of 20 members.

Amounts of support: the intensity of aid is 70% of total admissible expenditure. Maximum threshold is set at 1,000,000 euros, while the minimum threshold is 100,000 euros.

Priority given in accordance with the number of holdings involved, with the number of hectares covered and also to operations supported by specific training activities for better water management.

Output indicators: 15 operations for a total value of investments of 14,863,000 euros.

Measure 214 - Agri-environmental payments

Measure 214 is the most significant measure with regard to the allocation of Health Check resources, 9,472,300 EUR of EAFRD funds being allocated to strengthening existing operations toward the climate change, biodiversity and water management priorities.

1. Climate change

Action 3 "Green cover to contain the transfer of pollutants from the soil to water" intervenes mainly in NVZs through operations connected to soil management practices (e.g. catch crops).

Action 4 – Increase of soil organic matter

2. Water management

Action 1 "Integrated production" intervenes mainly in NVZs, supporting soil management practices (e.g. tillage methods, catch crop, crop rotation) and water savings technologies (e.g. efficient irrigation systems).

Action 2 "Organic Production" intervenes mainly in NVZs, with the exception of areas cultivated with fodder crops in livestock farms. The action will contribute to this HC priority, supporting soil management practices (e.g. tillage methods, catch crop, diversified crop rotations) and water savings technologies (e.g. efficient irrigation methods).

3. Biodiversity

Action 5 "Agricultural biodiversity: protection of local breeds in danger of being lost to farming" is also states to contribute to this priority.

Action 6 "Agricultural biodiversity: protection of regional varieties menaced by extinction" is directed at the safeguard of plant genetic diversity; **Action 7** "Agricultural biodiversity: territorial integrated projects" contributes to the same priority with operations directed at the safeguard of genetic diversity.

Action 8 "No tillage and extensive grazing" intervenes in Natura 2000 areas, with operations regarding riparian boundary strips and biobeds, the management of biotopes/habitats within and outside Natura 2000 sites and land use change (extensive grassland management, conversion of arable land to permanent pasture, long-term set-aside).

Action 9 "Conservation of natural and semi-natural areas and of the agricultural landscape" also intervenes for operations related to riparian boundary strips and biobeds, the management of biotopes/habitats within and outside Natura 2000 sites.

Action 10 "Set aside of arable land for environmental purposes" contributes to the Biodiversity priority through interventions regarding: riparian boundary strips and biobeds, the management of biotopes/habitats within and outside Natura 2000 sites and land use change (long-term set-aside).

Measure 311 - Diversification into non-agricultural activities

Existing operations placed under one new priority – renewable energies, with additional 231,217 EUR from the EAFRD allocated:

Under **Action 3** "Installations for renewable energy production" production of bio-energy is added (next to already existing tourism and environmental services) among possible ways of supplementing agricultural holding income. It is specified that installations cannot exceed 1 Mw in capacity.

The types of installations supported are: thermal power stations with pellets, biogas plants for thermal and electric energy (also cogeneration), solar and wind power installations, small hydropower plants, combined plants for energy production from renewable sources (the sum of respective outputs cannot exceed 1Mw), small distribution networks pertaining to installations under this action (max. 20% of the admissible expenditure).

Measure 321 - Basic services for the economy and rural population

New operation on broadband internet infrastructure placed under the new priorities – **Action 4** "Infrastructure for broadband internet in rural areas"

The action will be funded by resources coming from Health Check/European Recovery Package, amounting to 5,009,000 EUR from the EAFRD.

Types of operations: network upgrade, new infrastructure in yet-unconnected localities through the extension of backbone optic fibre networks and passive infrastructure.

Localisation: 21 municipalities in C and D areas

Beneficiary: The operations considered regard support for public broadband infrastructure in digital divide areas (Type A), as well as support to the end users (public administration, rural population and companies) for the acquisition of decoders and dishes for satellite connection in highly marginal rural areas where land infrastructure would be unfeasible (Type B). All interventions are to be carried out in C and D areas. It is specified that there are no similar interventions supported through other RDP measures. Type A interventions regard the creation of new infrastructure, upgrade of existing infrastructure or laying passive infrastructure. The overall objective is to secure access to all citizens to internet connection up to 20 Mbit/sec (minimum 2 Mbit/sec).

Beneficiaries: the Region or its delegated body (in compliance with public procurement laws) for Type A interventions. Public administration bodies, individuals and companies in rural areas, for Type B interventions.

Aid intensity: 100%. *De minimis* aid regime specified.

Complementarity with EFRD: EAFRD intervention will be concentrated in 21 specific localities in C and D areas. The Regional ICT Plan and the analogous National Plan shall not intervene in these localities. It is also specified that the EFRD does not intervene for digital divide operations in this region.

Output indicators linked to HC/RP operations: 1 action, 8,349,000 EUR of total investments.

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

Analysis

The analysis on the competitiveness of the agricultural and forestry sector has been updated, among others with regard to the situation of agricultural mechanization, pointing out the desirability of precision agriculture for reduction of inputs and emissions.

The analysis is also updated with regard to the sugar beet sector, identifying new intervention needs such as technological upgrade for productivity increase and cost reduction, promoting innovation, investments for logistical reorganization and for marketing.

The analysis regarding the milk and dairy sector has also been updated, noting a decrease in exports and an increase in consumer preference for fresh dairy products as opposed to hard cheeses, the latter being an very important sector for the agricultural economy of Emilia Romagna. The need for interventions regarding increasing added value and reducing costs is noted together with interventions for animal welfare and environmental purposes.

The latest developments in the national legislation concerning the implementation of 'Natura 2000' (new general and specific conservation measures for Natura 2000 sites) have also been included in the analysis update.

Chapter 5.2.7 - Advance payments

Following the modification of article 56 of R. 1974/2006 on advance payments, there is a possibility to increase the amount of advance payments up to 50% of the public aid related to the investments for which the individual decision to grant support is taken in 2009 or in 2010. This possibility has been taken up and modifications introduced for investments under measures 121, 122, 123, 125, 216, 227, 311, 313 and 321.

Under Axis 4, LAGs can request advances of 20% of the amount of public support for running costs under measure 431 – "Running costs, acquisition of skills and animation."

Correction of previous error: measure 133 removed from the list of investment measures.

Measure 121 - Modernisation of agricultural holdings

Action 1 – 'Modernisation of agricultural holdings'

A uniform intensity of aid is set at 40% for investments for renewable energy from agricultural and forestry biomass and at 20% for solar power.

The possibility to finance single projects in the case of Health Check priorities is introduced (besides collective projects, as in the approved version). (The RDP Emilia Romagna had specified that, in order to reinforce supply chains, Axis 1 measures would give preference to projects using several measures and actions on the basis of contractual agreements between members of the same supply chains, or to collective projects).

Among beneficiaries, joint use associations of agricultural holdings are added.

Modification allowing for intervention in the sugar beet sector for mechanization investments for cost reduction, and for reducing environmental impact through the rationalization of the use of water; specific exclusion of investments that would increase production capacity.

Removal of limitations regarding increase in productive capacity for eggs and poultry due to current conditions in the sectors (no overproduction and no aid).

In the cereals sector, investments for precision agriculture machinery for joint use are added among modernization priorities.

A new priority – investments for improving processing and marketing of agricultural products – is introduced for vegetables and potatoes, beef and pork, milk and fresh dairy products.

It is specified that at least 2/3 of raw material employed, in the case of on-farm processing and marketing should come from on-farm production.

Increase in priority for support for fruit in hill areas (e.g. cherry and apricot).

For fresh milk and dairy products, and hard cheeses with protected designation of origin, investments for productive reconversion are introduced.

Introduction of new plant sector among admissible sectors – fruit tree nurseries; investments for screen-houses excluded.

Measure 123 - Adding value to agricultural and forestry products

Action 1 – "Marketing and processing of products listed in Annex I of the Treaty"

Modification allowing for intervention in the sugar beet sector in certain territories of the region (northern, central and eastern plain), with the exception of investments increasing production capacity:

For olive oil, exclusion of processing installations located outside of the raw materials production area.

Change and differentiation in aid intensity (earlier 40% for micro-enterprises and SMEs and 20% for other enterprises employing less than 750 people and with annual turnover of less than 200 MEuros):
Following modification:

For fresh milk and dairy products and hard cheeses with protected designation of origin
- 40% for micro-enterprises and SMEs

- 20% for other enterprises employing less than 750 people and with annual turnover of less than 200 Meuros.

For the other sectors:

- 40% for micro-enterprises

- 30% for SMEs

- 20% for other enterprises employing less than 750 people and with annual turnover of

Action 2 – 'Technological modernization of wood processing holdings'

Aid intensity: specifies respect of the *de minimis* rule (aid up to 40% unchanged)

Measure 124 - Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector

Introduces a new general objective for the measure, which is support for processes, technologies and products aimed at promoting Health Check priorities. Among 'operational objectives', reducing emissions and combating climate change, processes and technologies for fossil fuel substitution, processes and technologies for water quality improvement and rational use, as well as innovative operations for biodiversity conservation are introduced.

Introduces the possibility to finance single projects, besides integrated ones, in the case of operations targeted at Health Check priorities.

Maximum investment threshold lowered to 300,000 euros (from 1,000,000).

Indicators revised accordingly.

Measure 132 – Quality support for farmers

New PGI product added – *Aceto balsamico di Modena*.

Indicators are revised accordingly.

Measure 214 – Agri-environment payments

Action 2 "Organic production"

The obligation for at least 5% of the UAA of holdings in plain regions participating in the Action to also participate in Action 9 "Conservation of natural and semi-natural areas and of the agricultural landscape" and/or 10 "Set-aside of arable land for environmental purposes" of the measure and/or in Measure 216 – Action 3 'Restoration of natural and semi-natural areas and of agricultural landscape' is removed for holdings that have at least 50% located in Natura 2000 areas.

Action 4 "Increase of organic matter"

Change in admissibility criteria: for 5 years, commitment to increase the quantity of dry organic matter per hectare by an average of 2.5 tons/year. (changed from previously minimum 2.5t/year).

Action 5 "Agricultural biodiversity: protection of local breeds in danger of being lost to farming"

The obligation to maintain for 5 years the number of breeding animals under the commitment is extended to the entire number of animals belonging to the menaced breed targeted under this action.

Measure 216 – Non-productive investments

Action 1 – "Access for the public and fauna management"

- more detailed specification provided with regard to the zones of intervention in accordance to regional regulations: "Protected areas identified by article 4 of Regional Law 6/05 and wild animal protection and shelter areas as identified by articles 19 and 22 of R.L 8/94."

Measure 311 - Diversification into non-agricultural activities

Action 1 – "Agro-tourism"

Adds 'social services' to previously-existing tourism and environmental services among the possible diversification activities.

Adds the "expansion" to the previous "restructuring" of rural buildings used for carrying out the activities, as possible intervention under this action.

Measure 322 - Village renewal and development

Among admissible interventions, the "Recovery of collective-use structures (ovens, laundry rooms, fountains, open areas for farmers markets)" is replaced with "Recovery of collective-use structures and areas (ovens, laundry rooms, fountains, open areas)"

Measure 323 - Conservation and upgrading of the rural heritage

With regard to the localization of interventions regarding the drawing up of management plans in Natura 2000 areas and support information systems, the modification adds that in the case of areas that comprise different territorialisation categories, the prevalent rural character shall be considered.

Chapter 9 - The elements needed for the appraisal under competition rules

The chapter specifies respect of *de minimis* rule in the case of measures 111 – "Actions in the field of training and information" and 114 – "Use of advisory services," for operations related to forestry. It also specifies the respect of the *de minimis* rule for Action 4 – "Broadband" under measure 321, noting that for relevant operations a national state aid scheme is being notified, but not yet approved for Italy.

For Measure 123 "Adding value to agricultural and forestry products", Action 1 "Processing and marketing of products in Annex I of the Treaty", the Region Emilia-Romagna foresees to use the following complementary aid regimes:

- interest rate subsidy applying the aid N618/2008 Italy approved by decision C(2009) 4534 of 17/06/2009 31/12/2013 (point 2.2 of the decision).
- interest rate subsidy or warrantee subsidy under the *de minimis* rule in accordance to Regional Law no.6 of 06/06/2006 "Norms for the promotion and development of mutual cooperation in Emilia-Romagna."

The aforementioned regimes shall complement each other up to the maximum admissible limit in terms of GSE and of the maximum intervention limits set in the Measure.

The table corresponding to point 9B of Annex II to R 1974/2006 has been modified accordingly

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 has been modified accordingly:

Fruit and vegetables (F&V):

It is specified that for Axis 1 demarcation will be carried out mainly in accordance with the size of the investment and in certain cases with the type of investment.

All types of operations shall be supported from the RDP in the case of enterprises that are not members of producer organisations (POs). Members of POs will be supported by the RDP only for investment costs exceeding 100,000 euros per single holding and single investment plan.

Measure 111, Action 1 "Training and information for agricultural and forestry holdings" shall also intervene for PO members, as the approved Operational Programme for this CMO does not provide for this type of actions.

Measure 114 "Farm advisory systems" - Farm advisory and technical assistance activities on production-related issues for PO members shall be financed only through the F&V CMO. For remaining operation, POs members can be financed by the RDP. Non-members of POs can be financed for all types of operations.

With regard to agri-environment measures (measure 214), it is specified that 'integrated production' will be financed exclusively through the F&V CMO, while 'organic production' (Action 2) will be financed through the RDP.

Summary demarcation table provided.

Olive oil: It is specified that the CMO finances technical assistance activities regarding product quality and environmental impact and therefore these shall not be financed through measure 114 "Farm advisory services". With regard to training activities, the CMO finances only training for oil tasters and therefore there is no overlapping with the operations under the said measure. The operation types financed through measures 112, 122, 123, 124, 125, 132 and 133 are not financed by the CMO.

Sugar beet: demarcation in accordance to the type of beneficiary and intervention type. Beneficiaries defined as 'former sugar beet farmers' for whom measures are in place in the Regional Action Programmes (CMO) will not be financed through the similar RDP measures.

For 'former sugar-beet farmers', diversification interventions of the types supported by measures 121 and 311 will not be financed through the RDP, as they are to be financed through the CMO.

With regard to interventions for adding value to agricultural products included in the Operational programme (adding value to crops and raw material substituting sugar-beet), these cannot be financed through the RDP.

The RDP shall support actions and interventions in favour of 'former sugar-beet producers' for all measures/actions not activated in the Regional Action Plan.

Wine: As the CMO provides for restructuring operations regarding removing old vines, transportation and disposal of materials, land preparation, purchase of rooted grafts and connected materials (poles, wires etc), such operations shall not be financed through Measure 121 of the RDP. As the CMO does not have an active Investments measure, measure 123 shall be applicable to the wine sector as well. With regard to marketing activities, the CMO intervenes for promotion outside the EU, while the RDP for the internal market.

It is specified that measures 112, 122, 123, 124, 125, 132 and 133 do not contain possibly overlapping interventions.

Bees: It is specified that the Regional programme implementing Reg. (EC) no. 1234/07 provides for support for beekeeping with regard to technical assistance, beehives, transport devices and swarms.

Measure 114 "Farm advisory services" does not support operations for the beekeeping sector. It is also stated that Measure 121 shall not finance the purchase of beehives and connected equipment, but could finance investments connected to successive processing and marketing activities.

It is specified that training activities are present in the regional operational programme, but are not active and financed and thus Measure 111 could be applied for the beekeeping sector, and that measures 112, 122, 123, 124, 125, 132 and 133 do not contain possibly overlapping interventions.

The sheep and goat and tobacco CMOs are not active in the Region.

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. By the entry into force of the specific national support under article 68 (January 2010), the Region will define clear demarcation criteria with similar operations financed under the RDP.

5. THE EXPECTED IMPACTS OF THE AMENDMENTS

Impact on the programme implementation and on the indicators (also on the basis of quantified result and impact indicators).

The reported result and impact indicators revised following HC/RP are:

COMMON RESULT INDICATORS

Common result indicators Axis 1

Cod.	Result indicators	Value before HC	Target	Measures
1	Number of participants that successfully ended a training activity related to agriculture and/or forestry	18.317	18.317	111
2	Increase in GVA in supported holdings/enterprises (000 Euro)	2.766	2.766	112
		0	0	113
		1.047	1.133	114
		34.729	39.139	121
		268	271	122
		90.717	127.943	123
		4.607	5.972	124
		0	1.139	125
		134.133	178.363	Total
3	Number of holdings / enterprises introducing new products and/or new techniques	3.497	3.925	121
		106	108	122
		30	42	123
		538	710	124
		4.171	4.785	Total
4	Value of agricultural production under recognized quality label/standards(000 Euro)	510.866	511.683	132
		71.297	71.297	133
		582.183	582.980	Total

Common result indicators Axis 2

Code	Result indicators	Value before HC	Target	Measures
5	Area under successful agricultural land management contributing to:			
	biodiversity and maintenance of HNV agricultural and forestry habitats (Ha)	217.141	239.854	211 212 214 - (act.1, 2, 6, 8, 9, 10) 216 221 226 227
	improving water quality (ha)	185.166	207.567	214 - (act.1, 2, 3, 4, 8, 10) 221 (act 1, 2) 227
6	mitigating climate change (ha)	179.918	201.214	214 (act. 1, 2, 4, 8, 10) 221 (act.1, 2, 3) 226 227
	improving soil quality (ha)	185.671	208.017	214 (act.1, 2, 3, 4, 8, 10) 221 (act. 1, 2) 226 227

	avoidance of marginalisation and land abandonment (ha)	79.715	83.208	211 212 214
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Common result indicators Axis 3

Code	Result indicators	Value before HC	Target	Measures
7	Increase in GVA in supported holdings/enterprises (000 Euro)	4.808	6.838	311
		161	166	313
		4969	7.004	Total
8	Gross number of jobs created	200	227	311
		20	21	313
		220	248	Total
9	Extra number of tourists (increase in the no. of tourists)	15.173	15.652	313
		115.199	122.827	321 (Act. 1,2 e 3)
10	Population in rural areas benefiting from improved services	0	6.600	321 (Act. 4)
		112.297	114.013	322
		0	0	323
		227.495	232.387	Total
11	Increase in the use of internet in rural areas (number of persons connected to the Internet)	0	28.640	321
12	Number of participants that successfully ended a training activity	4.781	4.796	331
		0	0	341
		4.781	4.796	Total

COMMON IMPACT INDICATORS

Indicator	Description	Unit	Value before HC	Target
1. Economic growth	net additional added value for region	M.EUR	94,0	108,8
	- agricultural sector	M.EUR	69,8	75,1
	- food and drinks industry	M.EUR	18,3	25,7
	- forestry sector	M.EUR	0,3	0,3
	- agro-tourism	M.EUR	5,6	7,7
2. Employment creation	Net additional full time equivalent jobs FTE	Euro	2.206	2.524
	- agricultural sector		1.603	1.785
	- food and drinks industry		292	389
	- forestry sector		17	18
	- agro-tourism and tourism	%	294	332

3. Labour productivity	Change in GVA per full time equivalent	%	100	113
	- agricultural sector	ettari	235	235
	- food and drinks industry		48	82
	- forestry sector		36	38
4. Reversing biodiversity decline	Change in trend in biodiversity decline measured by farmland bird species population	Kg/ha	+ 3,2 %	+ 3,2 %
	Change in the number of indiv. of the "target" species in intervention areas (act. 214.8-9-10)	Kg/ha	positive change	positive change
5. Maintenance of high nature value farming and forestry areas	Maintenance of HNV areas	Kg/ha	59.725	66.504
	-Increase of HNV	Kg/ha	5.444	6.157
6. Improvement in water quality	Change in gross nutrient balance	Kg/ha %		
	- Change in the N (Kg/ha) load of the areas (Axis2) (**)	TOE	- 52,0	-52,2
	- Change in the N load (Kg/ha) of the Region (**)	%	- 8,4	- 9,4
	- Change in the N load (Kg/ha) of the areas (Axis2) (**)	%	- 33	- 33
	- Change in the P (Kg/ha) load of the areas Region (**)		- 5,3	- 5,9
	- Change in pesticide load (Kg/ha) of the Region (**)		- 1,29	- 1,45
7. Mitigation of climate change effects	Increase in production of renewable energy	%	5.474	6.896
7.a. Mitigation of climate change effects – greenhouse effect	Decrease in annual GHG of the agricultural sector (**)		- 0,8	- 0,9

(**) Alternative indicators or indicators integrating the common indicator

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 choices made by the Region in terms of new challenges are justified. They are coherent with the Italian NSP and the CSG.

- Verification that the changes are in conformity with the Council Regulation (EC) No1698/2005 and with the Commission Regulation (EC) No 1974/2006.

The modifications comply with the relevant requirements of Regulation (EC) No 1698/2005 and Regulation (EC) No 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.

Support for broadband infrastructure will be granted according to the *de minimis* rule. Demarcation with EFRD intervention is based on localisation of interventions (list of eligible municipalities is available).

7 FINANCING

Tables 6.1., 6.2 and 6.3 provided in the RDP

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

	2007	2008	2009	2010	2011	2012	2013	Total
Non-Convergence Regions	60,293,000	59,938,000	62,862,000	66,052,000	68,076,000	67,919,000	67,618,000	452,758,000
Additional funds from Article 69(5a) of Regulation (EC) No 1698/2005 – non-convergence region	0	0	2,947,000	6,346,000	5,466,000	7,129,000	8,939,000	30,827,000
Total	60,293,000	59,938,000	65,809,000	72,398,000	73,542,000	75,048,000	76,557,000	483,585,000

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

Axes	Public expenditure		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	425,770,000	44.0%	187,338,800
Axis 2	413,052,955	44.0%	181,743,300
Axis 3	105,263,000	50.0%	52,631,500
Axis 4	51,533,000	50.0%	25,766,500
TA	10,555,800	50.0%	5,277,900
Total	1,006,174,755		452,758,000

It is specified that the change of co-financing rates is due to the need to accommodate various changes in national co-financing rates following the allocation of new resources for modulation/CMO wine.

Table 6.2.2 Additional funds from Article 69(5a) of Regulation (EC) No 1698/2005

Axes	Public expenditure		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	22,702,361	72%	16,345,700
Axis 2	21,527,955	44%	9,472,300
Axis 3	6,956,944	72%	5,009,000
Axis 4	-		-
TA	-		-
Total	51,187,260	60%	30,827,000

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).

	Measures	EAFRD amount
121	Modernisation of agricultural holdings	8,990,135
125	Infrastructure related to the development and adaptation of agriculture and forestry	7,355,565

Total Axis 1		16,345,700
214	Agri-environmental payments	9,472,300
Total Axis 2		9,472,300
321	Basic services for the economy and rural population	5,009,000
	— Related to priorities listed in Article 16a(1), points (a) to (f) of Regulation (EC) No 1698/2005	-
	—Related to priorities listed in Article 16a(1), point (g) of Regulation (EC) No 1698/2005	5,009,000
Total Axis 3		5,009,000
Total		30,827,000