

WORKING DOCUMENT
RURAL DEVELOPMENT COMMITTEE

Member State / Region: Italy / Autonomous Province of Trento

1. APPROVED PROGRAMME: Programma di sviluppo rurale della Provincia Autonoma di Trento 2007-2013 - C(2008) 709 of 15 February 2008. CCI 2007IT06RPO011

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 - 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

The revision of the RDP Trento 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 (RP) as well as the programming of additional money form modulation/wine.

Following the adoption of the HC and RP, and in coherence with the revised CSG, the Italian NSP first presented to the Commission on 13/07/09 takes into account all the new priorities, including broadband infrastructure.

In this context, the RDP Trento has been assigned a total of 8,568,000 € in terms of EAFRD additional contribution, of which 5,626,000 € for HC/RP, and 2,942,000 € from modulation/wine.

The RDP Trento already includes the priorities and actions to meet all the New Challenges. Consequently, the proposed modification does not introduce new priorities, but strengthens and/or modifies existing actions and operations. Following the revision of the CSG and the NSP, an assessment of the priorities that need to be strengthened has been carried out.

The analysis of the situation in terms of strengths and weaknesses has been updated, mainly for the dairy sector and broadband infrastructure, which however will not be addressed with the additional resources but with own resources of the Province as part of a wider local project to address these two priorities. Following the review of the analysis, the additional Community funds will therefore be allocated to the following priorities: water management (85%), climate change (15%).

In terms of financial weight of the Axes, the overall balance remains unchanged and is the following: Axis 2 is the most important, with 48.8% of the total budget. Axis 1 represents 34.9% of the total programme budget and Axis 3 10.4%. Finally, 0.5% of the resources will be allocated to technical assistance.

4 DESCRIPTION OF THE AMENDMENTS PROPOSED:

4.1 New priorities / types of operations

- Concerning the 'New Challenges' that the Province has chosen to address the situation is the following:

Water management

Trento is one of the Italian areas with lowest irrigated UAA, only 2.5% when the national average is 4.5%. This difference is due to the fact that in the Province only intensive cultures like viticulture and fruit cultivation are served by irrigation systems. However, even though there is no real water scarcity, in consideration of climate change, the importance of water saving (quantitative and qualitative), and being an Alpine area, the Province has introduced a policy to replace the existing irrigation systems with micro-irrigation systems in order to guarantee effective water saving of up to 30%. Therefore, 85% of the additional resources (4,782,100 Euro in terms of EAFRD contribution) will be allocated to the modernisation and management of the irrigation systems (measure 121 and 125).

Climate change

The regional emissions of GHG from agricultural activities concern mainly ammonia (NH₃), methane (CH₄), nitrous oxide (N₂O) and, to a minor extent, carbon dioxide (CO₂). A number of actions in Axis I already meet this priority. Methane emissions are those more closely related to farming, breeding activities in particular animal digestive processes, and manure fermentation. Operations contribute to the reduction of CH₄ and N₂O by tackling emissions factors linked to breeding and management of manure storage. It has been assessed that for a more rational use of nitrogen fertilizers, it is necessary to increase the storage capacity of manure. Therefore, 15% of the additional resources (843,900 Euro of EAFRD contribution) will be allocated to measure 121 to improve manure storage and to improve efficiency of nitrogen fertiliser use.

Table 5.3.6 of the RDP

Measure	Type of operation	Potential effect	Existing' or 'New' type of operation (E or N)	Reference to the description of the type of operation in the RDP	Output indicator – target

Priority: Climate change adaptation and mitigation					
Axis 1 Measure 121	Improve efficiency of nitrogen fertiliser use, improvement of manure storage.	Reduction of methane (CH4) emissions and nitrous oxide (N2O) emissions	N	Cattle breeding sector, operation b5) - Improvement of manure storage.	- Number of farm holdings supported: 23 - Total volume of investments ('000 EUR) 4,666
Priority: Water management					
Axis 1 Measure 121	Water saving production techniques (e.g. adapted cropping patterns)	Improvement the capacity to use water more efficiently and to improve the quantitative and qualitative use of water.	N	Fruit and viticulture sectors, operation a7) -Replacement of low impact pesticide spraying equipment.	- Number of farm holdings supported: 1,280 - Total volume of investments ('000 EUR) 8,666
Axis 1 Measure 125	Water saving technologies (e.g. efficient irrigation systems).	Improvement the capacity to use water more efficiently and to improve the capacity to store water.	N	Sub-measure 125.2 Irrigation, operation g) - Replacement of existing water conducts to prepare for the introduction of microirrigation systems.	- Number of operations supported: 10 - Total volume of investments ('000 EUR) 12,000

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): 2 new operations are introduced; operation a7) in relation to the HC *water management* priority and operation b5) in relation to the HC *climate change* priority.

a7) Upgrading of pesticide spraying machines: the operation introduces support for the purchase of certified low volume/low impact sprays for the wine and for the fruit and vegetables sector.

b5) Improvement of manure storage: the operation introduces support for the realisation of manure tanks and heaps and for purchase of equipment for the treatment of manure for the dairy cattle breeding sector.

Aid intensity: Operation a7) 30% of eligible expenses; Operation b5) 50% of eligible expenses; for both actions: 10% increase in the case of young farmers within 5 years of setting up.

Beneficiaries and eligibility requirements: unchanged.

Output indicators: Operation a7) Number of farm holdings supported: 1280; Total volume of investments ('000 EUR) 8,666. *Result indicators:* GVA increase of supported

holdings ('000 EUR): 200; number of holdings introducing new products/technologies: 1,280.

Operation b5) Number of farm holdings supported: 23; Total volume of investments ('000 EUR) 4,666. *Result indicators:* GVA increase of supported holdings ('000 EUR): 66; number of holdings introducing new products/technologies: 0

Measure 125 (Infrastructure related to the development and adaptation of agriculture and forestry): a new operation under action 2 (irrigation) is introduced. The operation supports the replacement of existing water conducts (outside the holding) to prepare for the introduction of microirrigation systems (within the holding). This should ensure important water saving since micro irrigation periods are less intense but more frequent and therefore will avoid crops to go into water absence stress. Eligible investments: inter-holding water collection works, automation, telecontrol, water quantity collection and distribution measuring systems, accessory works to improve water management and to combine irrigation to other cropping techniques with reference exclusively to inter-holding water collection systems under condition that the facility is completed with trickle irrigation systems. Exclusions: all works related to water distribution within the holding including related equipment.

Eligibility requirements: are eligible for support only works for the upgrade of existing inter-holding infrastructure of traditional irrigation or flood irrigation systems, where the aim is to introduce micro-irrigation systems.

Beneficiaries: unchanged.

Aid intensity: 80% of eligible expenses.

Output indicators: Number of farm holdings supported: 10; Total volume of investments ('000 EUR): 12,000. *Result indicators:* GVA increase of supported holdings ('000 EUR): 600.

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

1) Correction of some printing errors in the approved text.

2) see below.

Ch.3 (Analysis and Strategy) / Ch.4 (Justification of the priorities chosen)

The sections have been reviewed providing updated data and further developing the strategy on the basis of the needs assessment. In particular, the *dairy* sector has been addressed in relation to the phasing out of the milk quotas, although the Province has assessed to address the issue with own top up resources and allocate the additional Community resources to other sectors. The dairy sector is important for the economy of the Province, since in disadvantaged mountain areas, milk cow breeding is the only economic activity. Integrations have also been made for the *fruit and vegetables* sector in relation to new Community legislation in the area of plant protection products. In relation to *biodiversity* an update on the implementation of Directive 92/43/EC and on the status of implementation of management plans for Natura 2000 and/or conservation measures has been integrated. For *broadband* the Province will not make use of the RP funds, but has chosen to support the priority with its own resources in the framework of a local

ongoing project which also covers rural areas; reference to the conclusions of COM(2009) 103 of 3.03.2009 on "Better Access for rural areas to modern ICT" has been included. Concerning *climate change* reference to the White Book on climate change has been included.

Ch. 5.1 (general requirements) / Measures 123.1, 125.2/125.3, 321, 323.3/323.4

Payment of advances: following the modification of article 56 of R. 1974/2006 on advance payments, the possibility to increase the amount of advances up to 50% of the public aid related to the investment has been introduced, in the case of investments for which the individual decision to grant support is taken in 2009 or in 2010.

Ch.5.2 (requirements concerning all or several measures): 3 main modifications: 1) the modification proposes that the ceiling for Axis 1 investments which have to receive the opinion of a technical committee before they can be supported, is increased from 500,000 Euro to 1M Euro. 2) the control system between 1st Pillar and RDP supported actions has been further detailed to better respond to the new demarcation conditions and ex-ante control.

Indicators: some of the measure result, output and impact indicators have been reviewed and updated in terms of quantification and/or unit of measurement to better fit the CMEF requirements in the framework of the RDP indicators review exercise carried out by DG Agri. As described in the previous section of this WD, specific output and result indicators have been defined for the HC related actions under measures 121 and 125.

Measure 121 (Modernisation of agricultural holdings): 1) Introduction of a financing priority for cattle farms carrying out milk cow breeding which breed up to 30 milk cows and commit to maintain this limit for at least 10 years; and introduction of a financing priority for high environmental value operations, such as the HC operations. 2) As described above under the Ch. 5.2 modifications, the ceiling for investments which have to receive the opinion of a technical committee in order to obtain support, is increased from 500,000 Euro to 1M Euro. 3) Aid intensity: a differentiated support rate for investments related to the treatment of manure and farm-produced biomass has been introduced and fixed at 40%. In relation to investments in the animal production sector, an exclusion has been introduced related to facilities for the treatment of manure and farm-produced biomass.

Measure 122 (Improving economic value of forests): the wording of the text has been corrected to clarify that the measure supports investments for "structures" and not "infrastructure". "Structures for wood hauling/logging" have been included among the types of eligible investments, in addition to the construction of areas for wood hauling/logging.

Measure 123 (Adding value to agricultural and forestry products): among the eligible types of investments for forestry, it has been specified that machinery for environmental improvement, ie for chopping of wood which has to be stored, is included.

Measure 125 (Infrastructure related to the development and adaptation of agriculture and forestry): among the eligible investments for wood logging infrastructure, it has been specified that supports for cable-cars are included.

Measure 226 (Restoring Forestry potential and introducing prevention actions): Ceiling: the eligible cost for investments related to the improvement of forests stability is increased from 3000 to 4500 Euro/Ha/investment due to the increase in project design and management costs since the 2000-2006 programming period.

Measure 227 (Support for non productive investments): Ceiling: the eligible cost for investments is increased from 3000 to 5000 Euro/Ha/investment due to the increase in costs since the previous programming period, and the limit of 30,000 Euro per application, is raised to 70,000 only for applications submitted by forestry associations.

Measure 311 (Diversification into non-agricultural activities): 1) Eligible investments: the modification concerns the elimination of the restriction for farm holdings receiving support for rural tourism activities where food and beverages are served, that the products served should be predominantly produced on the farm benefiting from support. This restriction is being removed in order to make the RDP compliant with the local legislation which indicates that products served have to represent at least 30% of the annual value of raw materials produced or processed by the farm benefiting from support. 2) Financing priority: priority is given to operations proposed by small animal breeding farms with milk cows, which breed maximum 30 cows and commit to respect this limit for at least 10 years. 3) Aid intensity: reduction from 50 to 40% for investments for the development of facilities for the use of renewable energy sources (NB renewable energy has not been chosen as priority under HC/RP). Also, the increase of 15% points of the aid intensity rates for all eligible investments carried out in D (Leader) areas has been removed.

Measure 313 (Encouragement of tourism activities): reference to *de minimis* has been removed since a specific scheme has been approved (table 9B updated).

Measure 321 (Basic services for the economy and rural population): higher aid intensity for Leader areas has been removed.

Axis 4 (Leader approach): 1) the steps of the financial circuit and LAG competences have been clarified. 2) It is specified that the aid intensity is that foreseen in the Local Development Plan, in respect of the upper limits detailed in Annex 1 of Reg. 1698/2005. 3) following the approval of the Local Development Plan, in order to avoid overlap between measures supported under Axis 4 and the same measures implemented horizontally by the Province for Axes 1, 2, and 3, demarcation criteria have been defined.

Ch.7 (Indicative breakdown by Rural Development measure): 1) Movements within the same axis: 2M Euro (public expenditure) are transferred from measure 227 to 211 (resources for measure 227 have been overestimated); 1.5M Euro (public expenditure) are transferred from measure 321 to 313 (to be able to better respond to the positive trend that the measure has obtained until now). This will rebalance the resources allocated to forestry measures. 2) Movements between axes: to ensure the balance between axes in consideration of the additional HC/RP funds allocated to Axis 1, and in order to compensate the consequent percentage decrease of the EAFRD contribution for Axis 3 below the minimum axis requirements (10% of EAFRD contribution), 1M Euro is transferred from measure 125 to measure 321; the proposed movement between Axis 1 and 3 falls within the 1% flexibility limit as defined in art. 9 paragraph 2 of Reg. 1974/2006.

Ch. 8 (Additional national funding): the table has been reviewed to include additional resources for measures 211, 214, 313, 323. For Axis 2 measures there is a significant increase of the top up, from 19MEuro to 52MEuro.

Ch. 9B (State aid): the table has been reviewed to include the new schemes approved by the Commission for forestry actions under measures 122, 313, and 323 replacing the previous *de minimis*. Measure 111 has also been included in the table in relation to

forestry training and information actions for in *de minimis*. For measures 226 and 227 the *de minimis* rule will also apply.

Ch. 10.2 (Complementarity with first Pillar):

Fruit and Vegetables: the demarcation has been reviewed following the last modification of NSP. For holdings which are members of POs, investments for equipment, holdings land and facilities improvement, irrigation systems, and protection systems for cherry trees and/or small fruit against climate adversities above 15.000 € will be supported only by the RDP. Concerning measure 214, organic farming will be financed only by the RDP; for integrated farming POs may provide support under condition that the concerned actions/measures of the RDP have not already been implemented in the same area. Other demarcation aspects remain unchanged.

Wine: the modification concerns agro-industrial holdings: all types of interventions are supported by the RDP, except promotion operations carried out by CMOs in Third countries (the RDP Trento does not include measures 132 and 133). Other demarcation aspects remain unchanged.

Specific support (Article 68 of Regulation (EC) No. 73/2009): 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 (rotation – this measure will not be implemented in the Province of Trento), c) crop, animal and plant insurance premiums. Similar or identical operations financed under article 68 will not be supported under the RDP.

Ch.11 (Designation of competent authorities and bodies responsible): the national certifying body has changed as of the financial year 2008, consequently the reference in the chapter has been modified.

5. THE EXPECTED IMPACTS OF THE AMENDMENTS

Impact on the programme implementation:

The modifications under Art. 6.1.a of Reg. 1974/2006 clearly define the actions and operations which will be reinforced with the additional resources to meet the challenges linked to water management and climate change.

The modifications under Art. 6.1.c will contribute to a better implementation of the programme by clarifying the correct interpretation of some measures and by adapting the demarcation with the first pillar to the revised EU and national legislation.

Impact on the indicators:

Output, result and impact indicators have been updated to take into consideration the additional support for HC/RP operations. For the revised result and output indicators see the description of the relevant measures.

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 Province in terms of "New Challenges" are duly justified. They are coherent with the Italian NSP and the CSG.

- *Verification that the changes are in conformity with the Council Regulation (EC) No 1698/2005 and with the Commission Regulation (EC) No 1974/2005.*

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.*

For measures concerned, support will be granted either according to the *de minimis* rule or in the framework of an approved State aid scheme.

7. FINANCING

Tables 6.1, 6.2 and 6.3 provided in the RDP.

Table 6.1 – Annual contributions from the EAFRD (Euro)

	2007	2008	2009	2010	2011	2012	2013	Total
Non convergenc e region	14,757,000	14,670,000	14,564,000	14,931,000	14,962,000	14,905,000	14,805,000	103,594,000
Additional funds from Article 69(5a) of Regulation (EC) No 1698/2005 – non-convergenc e region	--	--	698,000	1,226,000	940,000	1,226,000	1,536,000	5,626,000
Total	14,757,000	14,670,000	15,262,000	16,157,000	15,902,000	16,131,000	16,341,000	109,220,000

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

Axis	RDP Trento / Non convergence region - Public contribution (Euro)		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	92,772,180	35.00	32,470,263
Axis 2	121,059,823	44.00	53,266,322
Axis 3	32,440,443	35.00	11,354,155
Axis 4	17,142,857	35.00	6,000,000
Technical Assistance	1,143,773	44.00	503,260
Total	264,559,076	39.16	103,594,000

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

Axis	RDP Trento - New Challenges - Public contribution (Euro)		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	16,074,286	35.00	5,626,000
Axis 2	--	--	--
Axis 3	--	--	--
Axis 4	--	--	--
Technical Assistance	--	--	--
Total	16,074,286	35.00	5,626,000

Table 6.3 - Indicative budget related to operations referred to in Article 16a of Regulation (EC) No 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 1	
Measure 121 (climate change)	843,900
Measure 121 (water management)	1,406,500
Measure 125 (water management)	3,375,600
Total axis 1	5,626,000
Axis 2	
Total axis 2	0
Axis 3	
Total axis 3	0
Axis 4	
Total axis 4	0
Total programme	5,626,000
— 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	5,626,000
— Total under Axis 3 and 4 related to priorities listed in Article 16a(1), point (g) of Regulation (EC) No 1698/2005	0