

**WORKING DOCUMENT**  
**RURAL DEVELOPMENT COMMITTEE**

**MEMBER STATE:** Italy **REGION:** Valle d'Aosta

1. **APPROVED PROGRAMME:** Programma di sviluppo rurale 2007-2013 della Regione Valle d'Aosta – C (2008) 734 of 18 February 2008. CCI 2007IT06RPO013

2. **LEGAL BASIS FOR THE MODIFICATION**

Modification related to the first implementation of Article 16a of Regulation (EC) No 1698/2005 and to changes in 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 RDP Valle d'Aosta concerns:

- 1) Amendments following the adoption of the Health Check and European Recovery Package and the allocation of modulation and CMO wine additional funds.
- 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 European Recovery Package (ERP) and the allocation of modulation and CMO wine additional funds.**

Following the adoption of HC and 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. In this context, the RDP Valle d'Aosta has been assigned a total of 4.230.000 € in terms of EAFRD additional contribution, of which 4.118.000 € from new challenges and broadband and 112.000 € from modulation/wine.

RDP Valle d'Aosta already includes 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, an assessment of which priorities have to be reinforced has been carried out.

The analysis in terms of strengths and weaknesses of the performance of agricultural, forestry and food sectors has been updated in relation to the situation of milk sector, while the analysis concerning environment and land management has been updated and developed on biodiversity (focus on the implementation of Natura 2000 directives), water resources, climate change and renewable energy. The analysis concerning rural economy and quality of life has been revised with additional information on broadband infrastructures.

On the basis of the analysis results, the additional resources from HC/RP will be allocated to the following priorities: biodiversity (56%) and renewable energies (44%). Additional resources coming from modulation/CMO wine will be allocated to measure 214 – agri-environment. As a consequence, the overall balance between objectives changes as follows: slight decrease of the measures for improving the competitiveness of agriculture and forestry (from 10,4% to 9,6%) and for improving the environment and the countryside (from 71,2% to 70,2%), increase of the incidence of the measures for improving of quality of life in rural areas and encouraging diversification (from 18,3% to 20,2%).

#### **4 DESCRIPTION OF THE AMENDMENTS PROPOSED:**

##### **4.1 New priorities / types of operations**

- The situation concerning 'new challenges' is the following:

##### ***Climate change***

Regional emissions from agricultural activities concern mainly methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O) and, to a minor extent, carbon oxide (CO<sub>2</sub>). It should be said, however, that the regional contribution to GHG national emissions coming from the agricultural sector is negligible (0,3% of total). Similarly, the emission of ammonia (NH<sub>3</sub>) are not significant in the national context (less than 0,4%). As described in the analysis, these emissions are mainly due to livestock production. However, the traditional and extensive livestock farms of this region don't have significant per capita emission. In addition to that, the update of analysis shows that, in the last years (2000 from 2006) emission from agriculture have constantly diminished. A number of actions in Axis II already meet this challenge, which it should be said doesn't seem to be a priority in this region, supporting extensive and traditional livestock production and good soil management practices. The operations and budget of the approved RDP is therefore judged sufficient to meet this priority.

##### ***Renewable energies***

As said before, regional emission of GHG and ammonia coming from the agricultural sector are not elevated. However, per capita regional emissions are in line with the national average, mainly because of heating (important in this alpine region) and transports. As a consequence, there is a need to promote renewable energy use. 1,8 Meuro of EAFRD additional contribution will be utilised to finance renewable energy production, in particular through measure 311 – diversification into non agricultural activities.

### ***Water management***

The update of analysis shows that water quality has slightly worsened. In the specific, nitrates concentration in surface waters is progressively increasing, and the qualitative level of two regional rivers passed from "good" to "sufficient". A number of actions in Axis II already meet this challenge, which in any case doesn't seem to be a priority in this region, i.e. supporting organic agriculture and other positive agricultural practices. Water quantity is not an issue in this region. The operations and budget of the approved RDP is therefore judged sufficient to meet this priority.

### ***Biodiversity***

Biodiversity is one of the main priorities of the RDP, both in terms of financial importance and number of actions focusing on this issue. However, taking into account the importance of regional biodiversity and a more advanced implementation of Natura 2000 directives, it has been decided to use some additional resources for this challenge. In the specific 2,32 Meuro of EAFRD additional resources, will be used to support actions improving biodiversity by enhancing the implementation of Natura 2000 (measure 213), and improving biotopes/habitats (measure 216).

### ***Measures accompanying restructuring of the dairy sector***

Dairy is one of the main agricultural sectors of Valle d'Aosta. The main features of this sector are described in the analysis, which has been updated to take into account recent legislative and market evolutions. The main results of the updated analysis are: 1) large part of regional production falls into quality schemes (Fontina cheese PDO) and is less affected by market fluctuations, 2) costs are elevated and conditions difficult, mainly in small dairy farms 3) a concentration process is on the way, but the number of small, less competitive farms is still elevated: 43% of regional dairies produce less than 20 tonnes in 2008, 4) not only farm number but also milk total production is decreasing. The need of restructuring dairy sector is therefore one of the regional priorities.

However, as already decided in the approved version of RDP, this need of intervention will be met with the support of State aid and in particular of Regional Law n. 21/01, 3/02 and 32/07. No additional EAFRD resources will be assigned to this challenge. To give a more complete picture, it should be finally said that dairy farms already receive support from measure 211 (natural handicaps payments), covering additional costs and income foregone related to the handicap of agricultural production in mountain areas. Measure 211, which covers the entire regional surface, is the most important of RDP (nearly 40% of total resources).

### ***Broadband infrastructure in rural areas***

At the present stage, regional DSL coverage is 96% and DSL is available for 90% of rural population (in 2004, the figures were 82% and 64%, respectively). In spite of these improvements, rural areas are affected by some gaps, mainly the more marginal ones i.e. located on smaller valleys far from that of the regional capital Aosta. In coherence with the EU goals<sup>1</sup>, the regional government aims to secure access to all citizens to fast broadband (up to 20 Mbit/s), filling all the abovementioned gaps with a further development of broadband infrastructure. To this purpose, nearly 4 Meuro of the axis III

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<sup>1</sup> 100% of broadband internet coverage between 2010 and 2013, as set by the Competitiveness Council in march 2009.

of ROP "competitiveness" (EFRD) have been assigned to the "Broadband total coverage project", which will have a total cost of 16 Meuro.

Regional authorities don't intend to utilise the RP funds, which amount to 0,6 Meuro of EAFRD, for broadband infrastructure because: 1) The regional project is complex and not fully implemented. The project timing hasn't been identified yet. 2) In this preliminary phase, it is not possible to individuate demarcation criteria with other funds, 3) as the total public expenditure originated by EAFRD (about 0,75 Meuro) would be lower than the minimum cost of a single operation for broadband infrastructure (estimated in 2 Meuro), the management of these resources would be complicated. ERP funds will be therefore use for financing additional operations for biodiversity and renewable energy.

- 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 –	
					Number of farm holdings	supported area
213	management of biotopes/habitats within Natura 2000 sites	protection of birds and other wildlife and improvement of biotope network, conservation of protected fauna and flora	N	Natura 2000 payments	400	10.000 Ha
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 –	
					Number of action	Tot. Investment
216	management of biotopes/habitats within Natura 2000 sites	protection of birds and other wildlife and improvement of biotope network, conservation of protected fauna and flora	N	non-productive investments in farms	200	0,56
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 –	
					N. actions	Tot. Investment
311	Installations/infrastructure for renewable energy using biomass and other renewable energy sources	substitution of fossil fuels	E	diversification into non-agricultural activities	20	4,36 Meuro

## 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 213 (Natura 2000 payments)***

New measure, funded with resources coming from Health Check/European Recovery Package. The budget of the measure is 4,21 Meuro (1,9 Meuro of EAFRD). The additional operations will contribute achieving the objectives of new challenge "biodiversity", compensating for farmer's additional costs resulting from the implementation of Directive 79/409/EEC and Directive 92/43/EEC (Natura 2000).

In Valle d'Aosta there are 33 Natura 2000 areas (5 special protection areas – SPAs, and 28 sites of community importance – SCIs). Conservation measures are into force for the special protection areas, while setup of two management plans is nearly over (Gran Paradiso national park and Mont Avic regional park) and one is in the preliminary phase (Natura 2000 sites on Mont Blanc). Payments will cover the additional costs and income foregone to farmers in SPAs, deriving from the obligations arising from the conservation measures. In the specific, the amount will cover additional costs and income foregone resulting from the following obligations:

- (1) Retention of the following semi-natural and natural landscape features (additional with regard to cross compliance obligations in normal areas): ponds, waterholes, stone walls, stone mounds, hedges, trees in line, small woods, springs and reed beds.
- (2) Prohibition of weed control and mowing/harvesting in proximity of ditches and canals – range of 1 meter on both sides, in the nesting season.

The amount of support is 100 EUR/Ha for arable and forage crops. The calculations justifying the amounts have been elaborated by Region Valle d'Aosta. The Institut Agricole Régional is confirming the adequacy and consistency of the calculations.

*Beneficiaries:* farmers localised in Special Protection Areas (SPAs).

*Output indicators linked to HC/RP operations:* 400 supported farm holdings, 10.000 Ha of supported area.

#### ***Measure 216 (support for non-productive investments)***

New measure, funded with resources coming from Health Check/European Recovery Package. The budget of the measure is 0,93 Meuro (0,42 Meuro of EAFRD). The additional operations will contribute achieving the objectives of new challenge "biodiversity".

Admissible expenses are: a) realisation of artificial bird nests in fruit orchards and vineyards, b) creation of pond and waterholes in Natura 2000 areas, c) purchase of special devices to be applied on mowers (ultrasonic devices, metal bars), to avoid bird killing during mowing operations.

Beneficiaries: farmers

Amount of support: 100%.

Output indicators linked to HC/RP operations: 200 beneficiaries, total investment volume 0,56 Meuro

### ***Measure 311 (Diversification into non-agricultural activities)***

The budget of action D – renewable energy, is added of new resources coming from Health Check/European Recovery Package.

The additional 2,4 Meuro (1,8 Meuro of EAFRD) will be used for realisation of power plant for the production of energy from renewable sources (solar and biomasses), up to 1 MW. The additional operations will contribute achieving the objectives of new challenge "renewable energies".

Beneficiaries: farmers or members of the farmhouse.

Amount of support: 60% and respect of *de minimis* rule. If the beneficiary is supported under by the national scheme for renewable energy production ("*conto energia*"), the support is limited to 20%.

Output indicators linked to HC/RP operations: 20 beneficiaries, total investment volume 4,36 Meuro.

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

### ***Chapter 5.2 – Cross compliance requirements***

Update of regional legislation concerning cross-compliance.

### ***Expected impacts and output and result indicators***

Indicators have been revised, on the basis of an assessment carried out in the first half of 2009. As a consequence, some output and result indicators for measure 113, 132, 133, 211 and 313 have been adjusted.

### ***Measure 112 (setting up of young farmers)***

The measure fiche is revised as follows:

a) maximum amount of support is raised from 55.000 euro to 70.000 euro, which will be given in the form of a single premium up to a maximum of 40.000 euro and/or interest rate subsidy up to a maximum of 30.000 euro

b) introduction of the possibility of supporting the setting up of more than one young farmer on the same farm. In this case, it will be possible to grant a maximum of n. 2 single premium + n. 1 interest rate subsidy.

c) update of business plan requirements and priorities (reinforcement of priorities linked to diversification, renewable energy and quality products, additional requirements in case of setting up of more than one young farmer on the same farm).

### ***Measure 113 (early retirement)***

The total duration of early retirement support is reduced from 15 years to 10 years and maximum age of transferor is reduced from 70 years to 65 years. The link between this measure and measure 112 is clarified (better wording).

### ***Measure 123 (adding value to agricultural and forestry products)***

The amount of private expenditure indicated in the approved version was incorrect (not coherent with aid intensity – 40%). The figure is corrected both in the measure fiche and in the indicative financial plan per measure.

### ***Measure 211 (natural handicap payments)***

Introduction of olive yards in the list of admissible permanent crops. In the lower part of the Region there are, in fact, some olive yards, which would be supported with a payment of 800 euro/Ha (same amount already granted to the other permanent crops).

### ***Measure 214 (agri-environment payments)***

Revision of the agri-environment payment for organic vegetables. The first two years of implementation have shown that the amount of 300 euro/Ha is not able to cover completely the cost incurred and income foregone for the production of organic vegetables. In order to promote a higher participation in agri-environmental scheme by vegetable producers, the amount is adjusted as follows:

- Organic agriculture = vegetable crops from 300 euro/Ha to 400 euro/Ha.

Calculations justifying the grant amounts are described in annex 5.

### ***Measure 311 (diversification into non-agricultural activities)***

Two aspects are modified, as follows:

a) In the approved version aid intensity for young people had 10% of additional contribution. The additional contribution for young people is now eliminated, and aid intensity is fixed at 50% of admissible costs (60% in case of investments for renewable energy).

b) Following the modification of article 56 of R. 1974/2006, it is introduced the possibility of increasing the amount of advances up to 50 % of the public aid, in case of investments for which the individual decision to grant support is taken in 2009 or in 2010.

### ***Measure 322 (village renewal and development)***

Following the modification of article 56 of R. 1974/2006, it is introduced the possibility of increasing the amount of advances up to 50 % of the public aid, in case of investments for which the individual decision to grant support is taken in 2009 or in 2010.

### ***Measure 431 (Running costs, acquisition of skills and animation)***

Following the modification of article 38 of R. 1974/2006, the possibility to grant advance payments has been introduced, under the conditions specified by art. 1.3 of R. 482/2009.

### ***Chapter 10.1 (complementarity with first pillar)***

Following the revision of the NSP on demarcation with first pillar instruments, the chapter has been modified:

Wine: legislation has been updated and it has been confirmed that measures for restructuring and reconversion of vineyards have never been implemented in Valle d'Aosta.

Fruit and vegetables: it has been confirmed that, in June 2009, there were no producer organisation (PO) and that and only a fruit cooperative (food processing) and few fruit producers were member of a PO from region Piemonte and of one of Calabria. In both cases, the POs operational plan provided for operations which are not financed by RDP Valle d'Aosta.

The managing authority will continue to carry out, with the assistance of the national paying agency, periodical check on the participation of regional farms or food processor in CMO fruit and vegetable, in order to achieve the complementarity and demarcation within the two instruments. In case of agri-environment, NSP principles would be applied. They are: a) Agri-environmental measures are supported by RDP. CMO can support environmental measures different than those of RDP. b) in the agri-environmental measures supported by RDP, there will be a priority for the selection of PO members. c) Integrated production, whereas supported by RDP or CMO, will have to respect the technical requirements set at national level.

Bee keeping: legislation reference is updated (R. 1234/2007 replaces R. 797/2004) and is confirmed that first pillar support only training, purchase of hives and protection measures (control of varroasis). These operations are not supported by RDP. On the other hand, regional aids granted according to Regional Law n.32/07 will support investments for bee keeping and honey processing, advisory services and information/promotion. Also in this case, RDP will not support these operations.

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 (rotation – this measure will not be implemented in Valle d'Aosta), 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 define the actions and operations which will be reinforced with the additional resources to meet the challenges linked to biodiversity and renewable energy.

The modifications under art. 6.1.c 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 have been updated to take into consideration the additional support for HC/RP operations. For the revised output indicators see the description of the relevant measures. The result and impact indicators revised following HC/RP are:

Result indicators	Measurement	Target 2007-2013	
		Ante health check	Post health check
(6) area under successful land management contributing to:  a) biodiversity and high nature value farming	Ha	41.000	51.155
(7) Increase in non-agricultural gross value added in supported business	GVA (.000 euro)	250	460

Impact indicator	Description	Target 2007-2013	
		Ante health check	Post health check
1) Economic growth	net additional added value (PPS) Meuros	16	18,58
4) Reversing biodiversity decline	change in trend in biodiversity decline (FBI)	+5%	+6,2%
5) Maintenance of high nature value farmland and forestry	changes in high nature value areas (Ha)	1.410	11.565

## 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) No 1698/2005 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.*

The modifications comply with competition rules. As described before, no support for broadband infrastructure is granted.

## 7 FINANCING

Tables 6.1, 6.2 and 6.3 tables 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	7.656.000	7.611.000	7.396.000	7.505.000.	7.431.000	7.396.000	7.338.000	52.333.000
Additional funds from Article 69(5a) of Regulation (EC) No 1698/2005 – non-convergence region	0	0	345.000	827.000	748.000	975.000	1.223.000	4.118.000
<b>Total</b>	<b>7.656.000</b>	<b>7.611.000</b>	<b>7.741.000</b>	<b>8.332.000</b>	<b>8.179.000</b>	<b>8.371.000</b>	<b>8.561.000</b>	<b>56.451.000</b>

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

Axis	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	12.065.332	44,00	5.308.746
Axis 2	82.640.350	44,00	36.361.754
Axis 3	12.323.864	44,00	5.422.500
Axis 4	8.875.000	44,00	3.905.000
Technical Assistance	3.034.091	44,00	1.335.000
<b>Total</b>	<b>118.938.637</b>	<b>44,00</b>	<b>52.333.000</b>

**Table 6.2.1: 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			
Axis 2	3.090.667	75,00	2.318.000
Axis 3	2.400.000	75,00	1.800.000

Axis 4			
Technical Assistance			
<b>Total</b>	<b>5.490.667</b>	<b>75,00</b>	<b>4.118.000</b>

**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 1	0
<b>Total axis 1</b>	<b>0</b>
Axis 2	
Measure 213	1.898.000
Measure 216	420.000
<b>Total axis 2</b>	<b>2.318.000</b>
Axis 3	
Measure 311	1.800.000
<b>Total axis 3</b>	
— Related to priorities listed in Article 16a(1), points (a) to (f) of Regulation (EC) No 1698/2005	1.800.000
— Related to priorities listed in Article 16a(1), point (g) of Regulation (EC) No 1698/2005	0
Axis 4	0
<b>Total axis 4</b>	<b>0</b>
<b>Total programme</b>	<b>4.118.000</b>
— 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	4.118.000
— Total under Axis 3 and 4 related to priorities listed in Article 16a(1), point (g) of Regulation (EC) No 1698/2005	0