

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

**MEMBER STATE:** Italy

**REGION:** Abruzzo

- 1. APPROVED PROGRAMME:** Rural Development programme 2007-2013 of Abruzzo –  
Decision C(2008)701 of 15/II/2008  
CCI 2007IT06RPO001

**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; alteration of the Community co-financing rates referred to Art.70 of reg.N°1698/2005 as provided in the approved RDP. – 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 Abruzzo concerns:

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

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.

In this context, the RDP Abruzzo has been assigned a total of 17.341.000 € in terms of EAFRD additional contribution, of which 5.282.000 € for new challenges and broadband and 12.059.000 € from modulation/wine.

The RDP Abruzzo 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, an 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 up-dated, this concerning all the new challenges in the HC and the availability of internet infrastructure in the rural areas. Needs and the strategies linked to the new challenges have been also revised. Following the results of the analysis, the additional resources will be allocated to the following priorities: biodiversity (64.00%) and broadband infrastructures in the rural areas (36.00%).

In terms of allocations between Axis, the additional resources have been allocated to axis II (measure 214) and III (measure 321). The overall balance resulting from the new allocations is as follows: Axis I, with 45,5% of the total budget. Axis II represents 35,5% of the total programme's budget and axis III 10,5%. Leader accounts for 5%. Finally, 3.5% of the resources will be devoted to technical assistance.

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

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

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

##### ***Biodiversity***

In Abruzzo 38% of the territory is occupied by protected areas (Natura2000 and other sites), and 27,5% of the agricultural land is inside these protected areas. Most of the farmed land in the protected sites is located in mountainous areas and is used for livestock grazing. As the definition of the management plans of Natura2000 sites has not been finalized yet, a new action (*Improvement of pasture and meadows*) has been added in measure 214 in order to preserve/improve biodiversity.

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

The analysis shows that the digital divide in the region is quite spread and the high-speed connection to Internet is lagging behind. Only 37.8% of the households in the region have Internet connection. Therefore, the resources made available by the RP will be devoted to the completion of broadband infrastructures in order to secure access to these services in C and D rural areas to fast (up to 20 Mbit/s) broadband in line with the objectives set out in the NSP.

##### ***Water management***

The analysis on water resource has been upgraded taking into account the progress made in the implementation of the Water Directive 2000/60/EC. In terms of quantity the improvement of the irrigation system is constantly sought in the areas more intensively farmed (ie piana del Fucino). The scarcity of water is seen as a sporadic event that can happen in case of very limited rainfalls as it was the case in the recent years. In order to save water to be used for agricultural purposes the interventions for recovering waste water from farms is important in order to preserve water resources. Improvement of the quality of the water has been recorded insofar as a consequence of the implementation of the Nitrate directive. The analysis highlights that there are no additional needs concerning water management; therefore further

financial support from HC is not deemed necessary and needs in this area can be satisfied by the financial resources already allocated in the relevant measures in the RDP.

### ***Renewable energies***

The analysis shows an important contribution that agriculture and forestry could give to the energy production from agro-forestry biomass. The importance of biomass from forestry is relevant (331.000t/year, 130.000ToE). Around 17.500 hectares are also being cultivated for forestry energy crops giving biomass for about 70.000ToE. Processing of by-products from agricultural activities could also give a strong contribution to energy production from renewable sources (100.000ToE). Overall 300.000ToE could come from regional biomass. However (as highlighted in the analysis) the lack of installations/infrastructure for utilisation/production of energy from biomass is limiting the potential in availability of renewable energy sources. The support at investments regarding the production energy from biomass and other renewable sources already included in the measures 121 and 123 in the approved rural development programme and the budget allocated to these measures are deemed sufficient to meet this priority.

### ***Climate change***

Problems in relation to emission of GHG did not change compared to the previous analysis carried out at the time of the approval of the program. The carbon sequestration effect is deemed crucial to combat the climate changes effects. Forestry and eco compatible agricultural practices are seen as the adequate response to carbon sink effect as it is stated in the approved programme. With regard to the last aspect it has been calculated a carbon sink capacity of the soil deriving from eco compatible agricultural practices of about 0.5-2.2tons of CO<sup>2</sup> per hectare. As a number of actions in Axis I and II are already in place in order to tackle climate change and their budget is sufficient to cover needs in this area no additional financing has been foreseen for this priority.

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

The changes which are being introduced in the CMO have been analysed. It turned out that the dairy farms which are considered able to face the new challenges in this productive sector can benefit from the interventions that are already planned in the approved programme. Therefore the competitiveness of this productive sector will be achieved/maintained by implementing the actions for modernisation planned in measure 121. Measure 123 will support the processing and marketing of dairy products. Interventions planned in the RDP ensure the competitiveness of the sector by improving the standards needed to meet the market orientations. On the other hand weaker dairy farms will have to diversify their activity in order to complement the income and keep economic viability. Overall interventions planned in the approved RDP are deemed sufficient for ensuring competitiveness of regional dairy farms and enterprises. Therefore, no further financial support is judged necessary.

• *Table 5.3.6 provided in the RDP*

Axis/measure	Type of operation	Potential effects	Type of operation "Existing" or	Reference to the description of	Indicator of output/result
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			"new"	the Type of operation in the RDP	
<b>Axis 2</b>					
Measure 214	Soil management, maintenance of green cover Interdiction of chemicals on high natural value land (pasture)	Reduction of N2O emission, carbon sequestration, Reduction of CH4 emissions. Biodiversity protection	N	Measure 214, action 4	Number of farms and holding belongings to other land managers receiving support 100
					Total area under agro environmental scheme 4500
					Number of contracts 100
					Area under agro environmental scheme 4500
<b>Axis 3</b>					
Measure 321	Creation of new broadband infrastructures including backhaul infrastructures	Improvement of the accessibility by the population of rural areas to broadband internet	N	Measure 321 action b	Number of supported intervention 15
					Volume of investments 3.161.666

## 4.2 Description of the amendments proposed to axes and measures

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

The amendments concerns Axis II and III.

#### Axis II

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

- 1 new action has been added:

**Action 4):** protection of pastures and meadows.

Description: improving the pasture and meadows according to the following commitments: regular rotation of livestock throughout the pasture/meadows, keep stock density (0.5 to 1.5 LU/ha), avoid accumulation of manure in particular areas (drinking zone), interdiction of chemicals like fertilizers/pesticides.

Localisation: D rural areas (mountainous areas)

Beneficiary: farmers

Aid: 200€/ha up to 100 hectares

### Axis III

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

A new action B) is introduced:

- Creation of new broadband infrastructures in rural areas including backhaul infrastructures (20Mbit/s),
- creation in remote rural areas (C and D rural areas) satellite connection to Internet.

Localisation: C and D areas (list of eligible municipalities in digital divide is provided in the programme).

Beneficiary: public administrations

Aid: 100% of eligible costs. State aid provisions: aid will be granted in accordance with the *de minimis* rule, until the approval by the Commission of the notified national aid scheme.

Complementarity with EFRD: new broadband infrastructure will be financed exclusively by EAFRD in rural areas classified C and D; EFRD will cover other rural areas.

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

#### Analysis

The analysis has been updated to take into account the new challenges set down in Article 16bis of Reg.1698/2005. In particular a new chapter in the Analysis section of the programme (Chapter 3.1.7) has been inserted highlighting the needs deriving from the updated analysis.

#### Chapters 5.2 and 5.3: general information and information on Axis and measures

- Advance payments: 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 all the investment measures in the programme has been introduced for investments for which the individual decision to grant support is being taken in 2009 or in 2010.

#### Measure 111 (Training and information)

Changes to the eligible actions have been made in order to stress the importance to be given to training in the field of priorities set down in Article 16bis, lett. a) to f) of Reg.1698/2005.

#### Measure 114 (Advice services)

Changes to the operational objectives in order to stress the importance to be given to providing advice services in the field of priorities set down in Article 16bis, lett. a) to f) of Reg.1698/2005 have been made.

#### Measure 121 (Modernisation of agricultural holdings)

Changes are related to the objectives of the measure and to the types of investments eligible for financing.

Higher emphasis has been given to energy production/saving and to water resources management.

Amongst the types of investments supported the following have been added /better specified:

- investments for biomass production (energy crops, herbaceous plants) to be used for energy production, for improvement of the efficiency in the energy production, for improving water management (water saving, waste water treatment) and for preventing damages to cultivation by adverse meteorological conditions.

Measure 123 (Adding value to agricultural and forestry products)

Changes are related to the objectives of the measure. The environmental enhancement has been stressed.

Measure 126 (Preventive action, reconstitution of the agricultural potential damaged by natural disasters)

A new action concerning interventions to repair damages occurred to farmers and rural infrastructures during the recent earthquake which hit the region has been added.

Measure 133 - (Information and promotion activities)

Support for organic products has been added.

Measure 227 (Non productive investments)

Non productive investments to be realized by LAGs in their own territory have been limited to creation of areas for parking, picnic, creation of paths, signs, etc.

Axis 4 (Leader approach)

The main changes in Axis 4 concern:

- procedural aspects concerning the selection of the territory and local development plans to which the Leader approach are applied. Advice from Provinces will be sought,
- the possibility to grant advance payments to LAGs under the conditions specified by art.1.9 of R.363/2009,
- the Axis I measure to be implemented under Leader approach: measure 124 has been withdrawn and measures 121, 122, 123, 216 and 227 (with limitation to some actions foreseen in the measure) have been added,
- the budget allocated for interventions under Cooperation has been increased,
- the maximum expenditure admissible for LAGs administration/management has been modified.

Chapter 9 (Elements needed for the appraisal under competition rules)

For the measures/operations outside the scope of the article 36 of the Treaty table 9.b has been updated for measure 111, 114, 123, 124, 221, 223, 226, 227 and 311. For these measures "de minimis" regime is applied.

However support will be granted according to Aids n. 248/2009 (Decision 28/5/2009, C(2009)4277) approved under the Temporary Framework scheme to measures 124, 123

(action b), 226, 227 (action a), 311 (action 3), 313 and 321 (action b2). Duration of the scheme: 31.12.2010 if in accordance to conditions in DPCM 3/6/2009 transposing the EU provision in Communication of the European Commission of 25/2/2009 (2009/C83/01).

#### Chapter 10.2 (complementarity with first pillar)

##### Fruit and vegetables:

##### Measure 121

Collective investments made by members of the POs will benefit of support only from RDP.

The individual producers adhering to POs will be supported by measure 121 in the RDP if projects would not cost more than 20.000 € (10.000 € in disadvantaged areas). Beneath these limits the OPs will intervene.

##### Measure 123

Investments of more than €250.000 to be realized by POs or by individual members of the POs will be financed only by the RDP.

##### Measure 214

Agro-environmental actions will be financed by RDP. OPs can support agro-environmental actions concerning organic and integrated farming if the following conditions are met:

- the farm producing exclusively products listed in Reg. 1234/2007 and the premia paid by the OP are not exceeding the premia fixed in the RDP for Organic and Integrated productions;
- the compensation is related to commitments other than the ones taken into account in the equivalent measures/actions in the RDP.

Wine: the restructuring and the reconversion of vineyards (establishments and reestablishments of vineyards) will be financed only by the CMO. The RDP will support all other actions.

Olive oil: Collective investments promoted by the OPs according to the national decree n° 475/2009 will be supported by the CMO. These typologies of investments however are not foreseen in the RDP.

Sugar: the beneficiaries of the support to be given according to the regional plan (that is financing only interventions for investments for restructuring of the sugar sector are excluded from similar support to be given according to measures 121 and 123 in the RDP.

Bees keeping: The interventions concerning training, information, advisory services, investments for purchasing of hives, swarms are eligible in the remit of CMO.

Specific support (Article 68 of Reg. 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, 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:

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 broadband.

The modifications under art. 6.1.c will contribute to a better implementation of the programme by clarifying the correct interpretation of some measures, adapting the existing actions to the new challenges (without providing extra resources from HC/RP) and redistributing the planned financing in the approved RD in order to meet the targets.

#### **1.1.1.1. Impact on the indicators:**

Output indicators of the programme have been updated to take into consideration the additional support for HC/RP operations.

The output indicators have been also revised for those measure where the financial allocation have been changed taking into account the additional resources from pre-HC modulation/Wine reform and the reallocation of resources amongst measures in the approved RDP.

Result and Impact indicators have been updated following the HC/RP. A table showing the new set of the revised indicators has been inserted in Chapter 12 of the program.

## **6. ASSESSMENT**

*- 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.*

Support for broadband infrastructure will be granted according to the *de minimis* rule until the national aid scheme notified the Commission has been approved. Demarcation with EFRD intervention is based on localisation of interventions (list of eligible municipalities is provided in the programme).

## **7 FINANCING**

Tables 6.1, 6.2 and 6.3 tables provided in the RDP.



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

	2007	2008	2009	2010	2011	2012	2013	Total
Non-Convergence Regions	22.726.000	22.593.000	23.287.000	24.283.000	29.451.000	29.379.000	29.251.000	180.970.000
Additional funds from Article 69(5a) of Regulation (EC) No 1698/2005 – non-convergence region			1.116.000	1.343.000	717.000	935.000	1.171.000	5.282.000
<b>Total</b>	22.726.000	22.593.000	24.403.000	25.626.000	30.168.000	30.314.000	30.422.000	186.252.000

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

Axis	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	185.156.817	45,74	84.690.728
Axis 2	142.038.798	44,00	62.497.071
Axis 3	39.955.025	44,00	17.580.211
Axis 4	21.467.159	44,00	9.445.550
Technical Assistance	15.355.545	44,00	6.756.440
<b>Total</b>	403.973.344	44,80	180.970.000

**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	5.641.667	60.00%	3.385.000
Axis 3	3.161.667	60.00%	1.897.000
Axis 4			
Technical Assistance			
<b>Total</b>	<b>8.803.334</b>	<b>60.00%</b>	<b>5.282.000</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
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Axis/measure	EAFRD contribution for 2009-2013
<b>Total axis 1</b>	0
Axis 2	
Measure 214 (biodiversity)	3.385.000
<b>Total axis 2</b>	3.385.000
Axis 3	
Measure 321 (broadband)	1.897.000
— 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	1.897.000
<b>Total axis 3</b>	1.897.000
— 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	1.897.000
Axis 4	0
<b>Total axis 4</b>	0
<b>Total programme</b>	<b>5.282.000</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	3.385.000
— Total under Axis 3 and 4 related to priorities listed in Article 16a(1), point (g) of Regulation (EC) No 1698/2005	1.897.000