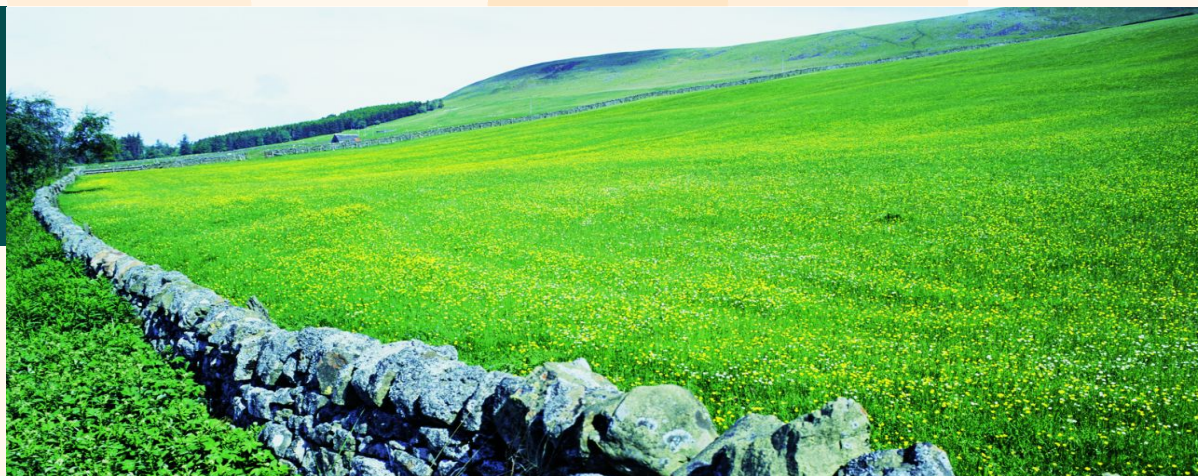




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Rural Development Programme of Region Sicily

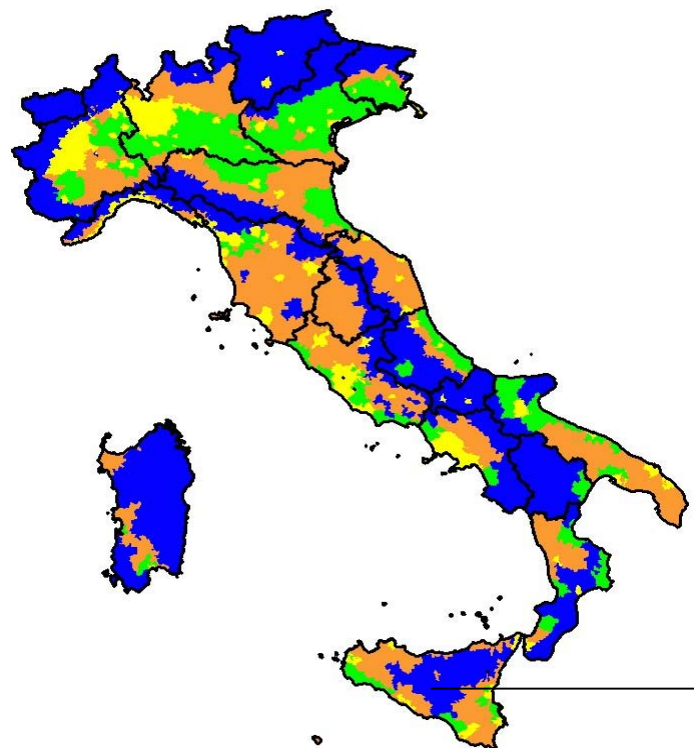
AGRI E.I.4, Bruxelles, 23 January 2008



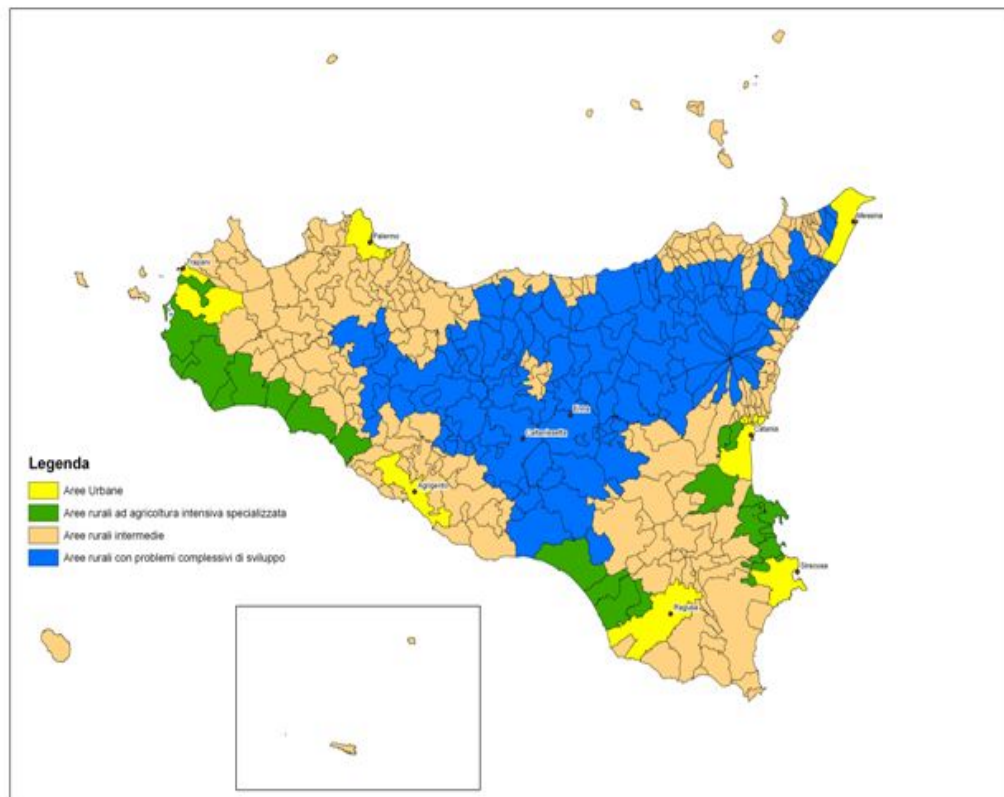
General overview



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- Poli Urbani
- Aree rurali ad agricoltura intensiva specializzata
- Aree rurali intermedie
- Aree rurali con problemi complessivi di sviluppo





Main features (1)



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Socio-economic context:

- Total population = 5.018.000 inhabitants
- Density = 193 inhabitants/km².
- GDP/capita (pps) = 72% of the EU-25 average

Rural areas:

- 67% of the population and 93% of the territory
- Density: 141 inhabitants/km²
- All the three typologies of rural area, defined by the NSP, are present (B – C – D)



Main features (2)



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Importance of the agricultural, forestry and food sector:

Land utilisation

- The utilised agricultural area covers 49% of the territory, and forests 10%
- UAA (1.250.000 ha)

| | |
|---|--------------------------|
| { | arable land (49%) |
| | permanent crops (32%) |
| | permanent pastures (19%) |

Holding dimension

- The average surface of the agricultural holdings is 5 ha (IT: 6.7 ha; EU: 16 ha)

Value added

- The primary sector represents 4,3% of the regional value added (national average 2.8%), and food industry represents 4,4%

Employment

- The employment of the primary sector and the food industry are respectively 7,7% and 2,2% of the total

EAFRD allocation Italy (EUR)



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| Programmes 2007 - 2013 | | EAFRD (Euro) | % |
|------------------------|------------------|----------------------|--------------|
| 1 | Abruzzo | 1 688.911.000 | 2,0 % |
| 2 | Bolzano | 1 375.575.000 | 1,7 % |
| 3 | Emilia Romagna | 4 112.251.000 | 5,0 % |
| 4 | Friuli V. Giulia | 1 088.773.000 | 1,3 % |
| 5 | Lazio | 2 888.384.000 | 3,5 % |
| 6 | Liguria | 1 060.047.000 | 1,3 % |
| 7 | Lombardia | 3 959.949.000 | 4,8 % |
| 8 | Marche | 2 023.320.000 | 2,4 % |
| 9 | Piemonte | 3 945.500.000 | 4,8 % |
| 10 | Toscana | 3 692.210.000 | 4,5 % |
| 11 | Trento | 1 006.652.000 | 1,2 % |
| 12 | Umbria | 3 344.430.000 | 4,0 % |
| 13 | Valle d'Aosta | 522.221.000 | 0,6 % |
| 14 | Veneto | 4 024.457.000 | 4,9 % |
| 15 | Molise | 855.790.000 | 1,0 % |
| 16 | Sardegna | 5 512.250.000 | 6,6 % |
| Total Compétitivité | | 4 109.720.000 | 49,6 % |
| 17 | Basilicata | 3 726.650.000 | 4,5 % |
| 18 | Calabria | 623.341.000 | 7,5 % |
| 19 | Campania | 1 082.349.000 | 13,1 % |
| 20 | Puglia | 851.327.000 | 10,3 % |
| 21 | Sicilia | 1 211.163.000 | 14,6 % |
| Total Convergence | | 4 140.830.000 | 49,9 % |
| Total PDR | | 8 250.550.000 | 99,5 % |
| Réseau Rural National | | 41.459.883 | 0,5 % |
| Total Italie | | 8 292.009.883 | 100 % |





Financial weight



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| Axis | Public expenditure | EAFRD rate | EAFRD amount | |
|--|----------------------|-------------|----------------------|-------------|
| | EUR | (%) | EUR | (%) |
| I. Competitiveness | 892.367.573 | 43,8 | 391.213.944 | 32,3% |
| II. Environment and countryside | 886.504.029 | 72,0 | 638.282.901 | 52,7% |
| III. Quality of life and diversification | 158.915.483 | 53,4 | 84.781.410 | 7,0% |
| IV. Leader | 126.382.226 | 57,5 | 72.669.780 | 6,0% |
| V. Technical assistance | 42.142.299 | 57,5 | 24.214.965 | 2,0% |
| Total | 2.106.311.610 | 57,5 | 1.211.163.000 | 100% |
| Spending rates (including Leader) | | | | |
| I. Competitiveness | | | 391.213.944 | 33% |
| II. Environment and countryside | | | 638.282.901 | 54% |
| III. Quality of life and diversification | | | 157.451.190 | 13% |
| Total – TA | | | 1.186.948.035 | 100% |



Axis 1 – Measures (32,3%)



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| Axis/Measure | Public Expenditure | |
|---|--------------------|--------------|
| | EUR | share |
| 111. Vocational training and information actions | 38.924.573 | 4,4% |
| 112. Setting up of young farmers | 90.000.000 | 10,1% |
| 113. Early retirement | 7.100.000 | 0,8% |
| 114. Use of advisory services | 11.520.000 | 1,3% |
| <i>human capital</i> | 147.544.573 | 16,5% |
| 121. Modernisation of agricultural holdings | 382.000.000 | 42,8% |
| 122. Improvement of the economic value of forests | 28.600.000 | 3,2% |
| 123. Adding value to agricultural and forestry | 171.987.000 | 19,3% |
| 124. Cooperation for development of new products | 29.600.000 | 3,3% |
| 125. Infrastructures | 75.895.999 | 8,5% |
| 126. Restoring agricultural production potential | 10.000.000 | 1,1% |
| <i>Physical capital</i> | 698.082.999 | 78,2% |
| 132 Food quality schemes | 16.500.000 | 1,8% |
| 133 Information and promotion activities | 30.240.000 | 3,4% |
| <i>Quality</i> | 46.740.000 | 5,2% |



Measure 121



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- Financing: 42,8% of axis 1 and 18,1% of the entire RDP
- Investments: aimed to the modernisation and restructuring of the agricultural holdings, concentration of supply, development of the integration with the industry, improvement of quality, diversification and adjustment of production towards other food and/or no-food sectors, reduction of production costs and the increase of the sustainability of the holdings, adjustment to the newly introduced community requirements, better management and organisation of production
- Priorities: set up for each sector and related to the area and investment typology – i.e. olive oil = priority for the reduction of costs of pruning and harvesting and for farms localised in rural area C and D, citrus = priority for rationalisation of irrigation and reduction of costs for pruning and harvesting, for farms localised in rural area C and D
- Aid intensity: 50% in mountain areas and in areas with handicaps other than mountain areas, 40% elsewhere (+10% in case of young farmers).



Axis 2 – Measures (52,7%)



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| Axis/Measure | Public Expenditure | |
|---|--------------------|--------------|
| | EUR | share |
| 211. Natural handicap payments (mountain) | 33.000.000 | 3,7% |
| 212. Payments to farmers (other areas) | 19.774.000 | 2,2% |
| 214. Agri-environment payments | 517.968.029 | 58,4% |
| 216. Non-productive investments | 10.000.000 | 1,1% |
| <i>total agricultural land</i> | 580.742.029 | 65,5% |
| 221. First afforestation of agricultural land | 186.892.000 | 21,1% |
| 222. Agroforestry | 4.540.000 | 0,5% |
| 223. First afforestation of non-agricultural land | 74.330.000 | 8,4% |
| 226. Restoring forestry potential and ... | 30.000.000 | 3,4% |
| 227. Non-productive investments | 10.000.000 | 1,1% |
| <i>total forestry land</i> | 305.762.000 | 34,5% |



Measure 214



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■ 5 agri-environmental actions foreseen:

1. Sustainable farming methods: a) integrated production rules for plant protection products, b) prohibition of utilisation of chemical herbicides, c) adoption of fertilisation plan, d) improvement of land management practises, e) rationalisation of irrigation – applicable in the entire regional surface, with a priority for NVZ, Natura 2000 areas, areas at risk of pollution from agro-chemicals and river basins.
1. Organic farming: a) respect the provisions of Reg. 2092/91, b) adoption of fertilisation plan, c) improvement of land management practises – applicable in the entire regional surface, with a priority for Natura 2000 areas, NVZ, areas at risk of pollution from agro-chemicals and river basins.
2. Crop rotation for the improvement of soil: a) adoption of a better rotation, b) adoption of a fertilisation plan, c) improvement of land management practises – applicable in areas at risk of desertification/erosion.
3. Maintenance of local endangered breeds: rearing of farm animals in danger to be lost to farming: 3 breeds of cattle, 4 of equidae, 4 of sheep and goats, 1 of pigs.
4. Conservation of genetic resources in agriculture (article 39.5): ex situ and in situ conservation, characterisation and collection of vegetal genetic resources, conservation of endangered permanent crop varieties, information and dissemination activities



Axis 3 – Measures (7%)



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| Axis/Measure | Public Expenditure | |
|--|--------------------|--------------|
| | EUR | share |
| 311. Diversification | 65.359.552 | 41,1% |
| 312. Microenterprises | 18.555.931 | 11,7% |
| 313. Tourism activities | 12.000.000 | 7,6% |
| <i>total economic development</i> | 95.915.483 | 60,4% |
| 321. Basic services | 15.000.000 | 9,4% |
| 322. Village renewal | 20.000.000 | 12,6% |
| 323. Rural heritage | 8.000.000 | 5,0% |
| <i>total quality of life</i> | 43.000.000 | 27,1% |
| 331. Training and information | 10.000.000 | 6,3% |
| 341. Skills acquisition, animation and ... | 10.000.000 | 6,3% |
| <i>total human capital</i> | 20.000.000 | 12,6% |



Axis 4 – Measures (6%)



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Axis/Measure

Public Expenditure

EUR

share

413 Quality of life and diversification

92.382.226

73,1%

421 Implementing cooperation projects

19.000.000

15,0%

431 Running the LAG, acquiring skills, ..

15.000.000

11,9%



LEADER



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- The strategies will have to achieve the objectives of axis 3: to maintain and create employment and income in rural areas and to enhance the conditions of rural areas (priority on C and D rural areas) both for the population and the enterprises. 15 LAGs foreseen
- The selection will be based on the characteristics of the area, of the partnership and of the strategy. LAGs who integrate innovation and cooperation in the strategy will have a priority.
- The axis will contribute to the achievement of the objective of diversification of rural economy and quality of life in rural areas (axis 3), through Measure 312, 313, 321, 323 and 331. the LAGs will have the possibility to implement specific Leader actions, related to the objectives of axis 3.



Complementarity



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- CMO Fruits and Vegetables – If beneficiary is member of a PO, RDP will support only operations not foreseen by the operational programme of the PO.
- CMO olive – If beneficiary is member of a PO, RDP will support only operations not foreseen by the operational programme of the PO
- Bee keeping - purchase of hives and swarms, equipment for transportation and other operations financed by the CMO will not be financed by the RDP
- For each measure of axis 3, demarcation criteria with Structural Funds set up, based on beneficiary, financial dimension and (in some cases) investment typology



Conclusions



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- The rural development programme respects the provisions of Council Regulation (EC) n° 1698/2005 and of Commission Regulation (EC) n° 1974/2006 and it is submitted to the Committee for a favourable opinion



WORKING DOCUMENT

Member State/Region **Italy / Sicilia**

Title: **Rural Development Programme 2007-2013 for
Region Sicilia (Italy)**

I. DESCRIPTION OF THE RURAL DEVELOPMENT PROGRAMME

1. TITLE OF RURAL DEVELOPMENT PROGRAMME

Regione Sicilia – Programma di sviluppo rurale per il periodo 2007-2013

2. MEMBER STATE AND ADMINISTRATIVE REGION

The plan covers the entire territory of the region (NUTS 2). The region is in "convergence" objective.

3. CURRENT SITUATION, CHOSEN STRATEGY AND EX-ANTE EVALUATION

3.1. Situation in terms of strengths and weaknesses

- *General socio-economic context of the geographical area*

Sicily is an island with a total surface of 25,703 km² and a population of 5,018,000 inhabitants. Population density is 193 inhabitants/km². The territory is characterized by hills and mountains, mainly in the internal part. Plain areas are less common and localized near the coastline, in the south-east and in the south-west part of the island.

Urban and peri-urban areas (A) cover approx. 7% of regional surface and 33% of population (1.643.000 inhabitants); they are represented by the main cities (Palermo, Catania, etc.) and their surroundings. Population density is 952 inhabitants/km².

Rural areas have been identified according to the methodology set up in the national strategy. All the three typologies, identified at national level, are present. Rural areas B (areas with intensive and specialized agriculture) are localized in the plain areas that occupy the southern and western part of the region. The surface is 2.585 km² and the population is approx. 620.000 inhabitants (10% and 12% of the regional figures, respectively), for a density of 232 inhabitants/km². The rate of economic development and occupation is similar to the regional average. Rural areas C (intermediate rural areas) are very important, both in terms of surface and

population. Nearly 45% of the territory and 40% of the Sicilian population falls under this area (11.427 km² and 2.002.000 inhabitants, for a density of 170 inhabitants/km²). The employment rate of the area is slightly lower than the regional average. Rural area D (areas with development gaps) is localized in the central, mountainous part of the region. In this area, where the importance of agriculture is still relevant, the economic development and the employment rate are lower than the regional average. The area covers 9.946 km² and has a population of 754.000, for an incidence on the total of 39% and 15%, respectively, and a population density of approx. 77 inhabitants/km².

Population is stable (while the national one is slightly increasing, mainly because of the migration from other countries). The population ageing ratio is less elevated than in other parts of Italy but is sensibly increasing, mainly in the weaker rural areas. Emigration of young people to the most productive areas of the region, or to other parts of the country and abroad, is still present. On the contrary, immigration of foreign people (i.e. from Tunisia, Morocco and Sri Lanka) can be observed in some specific areas, such as the main cities and the most intensive agricultural areas.

The **economic structure** of the region is characterized by the importance of services, and by the significant incidence (compared to the national average) of the primary sector. In relative terms, the economic structure is the following: primary sector = 4,9%, industrial sector = 16,9%, tertiary sector = 78,2%. The situation of Sicily in terms of economic development is still difficult, in spite of the slow but progressive improvement of the last decade. GDP per capita was 15.850 Euro in 2004 (approximately 67% of the Italian GDP per capita and 72% of the EU-25 one).

The **employment** rate is 44%, and therefore significantly lower than the Italian and the UE-25 one, which are approx. 58% and 63%. In 2005, the unemployment rate was extremely high (16,2%), and more than the double of the national average. The disparities concerning age and gender are significant, as the percentage of female and/or young workers is much lower. On the other side, training and education levels are in line with the national average. In 2006, the employment structure was the following: primary sector = 7,7%, industrial sector = 19,2%, tertiary sector = 73,1%.

- *Performance of the agricultural, forestry and food sectors*

According to the last available data, the regional UAA is approx. 1.250.000 Ha. Arable land is about 49%, while the incidence of permanent crops is 32%. 19% of the regional UAA, finally, is represented by permanent pastures and grasslands.

Regional farms are nearly 250.000. Their average surface is 5 Ha and their economic dimension is approx. 8,1 ESU. In spite of the increase of the average dimension recorded in the 2000-2005 period (in 2000, the average dimension of the farms was 4,3 Ha), the farming structure is still fragmented. Approximately 30% of the regional holdings can be defined as “professional” – more than 8 ESU – while 54% of them are essentially non-market farms, for self consumption purposes – less than 4 ESU. Land productivity is slightly lower than the national average but is increasing (+5% in the last five years). Labour productivity is approximately 22.300 Euro GVA/AWU, and is therefore higher the EU-25 average, but lower than

the Italian one. In 2000-2003, the agricultural sector represented 4.2% of the regional economy in terms of VA. In 2005, finally, the number of employed was 113.000. In the Italian context, the importance of the Sicilian primary sector is significant: 9% of the national agricultural output comes, in fact, from this region.

The most important **agricultural production** of the region is represented by fruit and vegetable. In 2005, the sector accounted for more than 27% of the total agricultural output of the region. The production of *vegetables* takes place on more than 27.000 Ha and involves more than 30.000 holdings, for an output of approx. 800 Meuro (20% of the regional agricultural output, and 15% of the national output for this sector). The characteristics of the climate and the soil are extremely favorable to vegetable crops. As a consequence, the quality is high, the harvesting season is long and some costs (i.e. for glasshouse heating) lower than elsewhere. The small dimension of farms, usually managed by a single family, can be considered a competitive advantage in terms of elasticity and adaptability to market changes. The presence on numerous quality products (local and organic) is another point of strength of the sector. On the other hand, the distance from the main markets, the lack of organization of the producers and the lack of technical assistance are the main weaknesses. *Fruit* production accounts for 7% of the regional agricultural output and for the 10% of the national output for this sector. Fruit yards cover 63.000 Ha of nearly 87.000 farms. The most significant products are table grapes, pistachios, hazel nuts and peaches. The favorable conditions of climate and soil and the presence of quality products are positive aspects. However, the weaknesses mentioned before and the competitive prices of the production coming from third countries are affecting this sub-sector.

Another important sector is represented by citrus production. Citrus yards are more than 72.000 Ha and the producers 74.000. The sector accounts for nearly 16% of the regional agricultural output and represents about 64% of the national production. The region is very suitable for citrus production and a good number of local varieties and quality products are recorded. The sector shows, however, some signs of crisis: the lack of a good market organization, the cost of production and transport and the difficulties of the processing industry is affecting the producers and has had, a consequence, the reduction of the surface (- 10% in the last decade).

The production of olive oil takes place on 158.000 Ha and in 198.000 farms. It represents 5,5% of the regional agricultural output (9% of the national output of the sector). The presence of local varieties and quality products, and the development of direct marketing business (i.e. agricultural holdings exporting their high quality products on international markets) are positive elements of the sector. On the other hand, the ageing and the low professionalism of the producers (more than 40% of the production is for self-consumption), the small dimension of the farms and the high costs of production are problems that still need to be solved. The positive performance of the table olive sub-sector is another element that should be taken into account.

The production of wine is important, in the agri-food regional context, especially in terms of added value and employment. Vineyards occupy nearly 140.000 Ha of the regional UAA and are present in more than 30% of the holdings. 14% of the Italian wine is produced in Sicily, but in terms of economic value its incidence is sensibly lower (less than 7% of the national total, and less than 4% of the regional agricultural output). In spite of the restructuring and reorganization process on the

last years, the wine sector is still facing difficulties. A large part of the regional wine is in fact represented by table wine, and the market organization is not well developed. As a consequence, market crisis are frequent. On the other hand, Sicilian quality wines are positively performing on the national and international markets, the quantity of bottled wine is increasing and the production, processing and conservation techniques are improving.

Cereals occupy more than 340.000 Ha and represent approximately 5% of the regional agricultural output. The region is specialized in the production on durum wheat (330.000 Ha on average, which represents 18-20% of the entire national production). In the last years, the sector has faced some difficulties due to low prices and to the adaptation to the effect of the CAP reform.

Livestock production is carried out in approx. 18.000 holdings (7% oh the total) and account for 14% of the regional agricultural output. *Beef* production is concentrated in the mountain areas of the central part of the island. The rearing farms are usually extensive, frequently small and not well integrated with processing and marketing industries (which are usually small, fragmented and with problems in meeting the health and hygiene standards). The condition of *sheep and goat* rearing farms is similar, both for milk and meat production; on-farm processing is relatively common but encounters some difficulties linked to lack of marketing organization and respect of hygienic standards. On the other side, the good number of traditional, quality products is a strength point for this sub-sector. *Dairy* farms, finally, are polarized between the more productive and intensive farms of the plain and hilly areas and the smaller, weaker farms localized in the less favored areas.

Finally, flower production and plant nursery is a relatively important sector, which represents 4% of the regional agricultural output. The production is concentrated in the northern part of the region, along the coasts.

According to the last available data, approx. 260.000 Ha of the regional territory is covered forests and woods, with a forest coverage that is sensibly lower than the national average (13.2% vs. 34%). About 57% of the regional forests are owned by public local bodies, and 43% by privates. The main purpose of the regional forests is protective, rather than productive: the surface cut every year is about 1.000 Ha. The main problems of the sector are the small dimension of the holdings, their fragmentation, the lack of integration in the chain and the scarce training of the forest holders.

The incidence of quality products is significant. The regional quality wines are 22 and the recognized other quality schemes (PDO, PGS, etc.) are 20. In addition to that, 16 quality products are under the transitional protection regime. The incidence of organic production is remarkable, as 180.000 Ha and more than 8.500 producers are classified as "organic". The production of bioenergy is still limited. There are however some possibilities of development of biomass production (SRC).

The **food sector** is characterised by the presence of a big number of small productive units. More than 95% of the regional enterprises employ, in fact, less than 9 people. The sector is, in spite of that, relatively important and is represented by more than 7.000 enterprises which employ, overall, 31.700 units. The incidence of the sector on the regional GVA is 4,4% and accounts for 1.126 Meuro in

absolute terms. The number of employed is approx. 14.900 units (2,2% of the regional total). Labour productivity is sensibly lower than the national average, in spite of the consistent investments made in the last years. The level of integration with the primary sectors is very frequently low, if not absent. The most important food sectors are: wine, fruit and vegetable processing, pasta making, meat processing and dairy.

The situation in terms of **human capital** shows some problems, but is in line with the national situation. The percentage of young farmers is similar to the national figure. Young farmers are therefore a small part of the total number of farmers and the ageing process is increasing (the incidence of young farmers on farmers aged more than 55 is in fact 5,6%). The data concerning training and education show that the farmers have a low level of education (82% with basic education or no education) and of training.

On the basis of the analysis, the region has found the following **intervention needs**, related to priority axis 1:

- to improve professional capacities and training, to support generational renewal and gender equality;
- to promote the innovation and the diffusion of ICT;
- to modernise agricultural holdings and to support a better integration in the agri-food chain;
- to diversify the agricultural production and to add value to agricultural products;
- to improve the logistics and the infrastructures for the agricultural sector services;
- to support quality products and certification.

- *Environment and land management*

Land cover is the following: 63.5% agricultural, 7.7% forestry, 23.9% natural and 4.9% artificial.

Approximately 55% of the regional territory (56.3% in terms of UAA) is localized in less favored areas (LFA – both mountain and with other natural handicaps). In these areas, the **risk of abandonment** is particularly elevated, and it is related to the higher costs of production, to the fragmentation property, to the lack/scarcity of infrastructures and services, to the more severe working conditions. In these areas, both population and number of agricultural holdings are decreasing.

The **biodiversity** of Sicily is elevated. In the regional territory, there are 4 regional parks and 76 other protected areas, for a total surface of nearly 271.000 Ha (approx. 10.5% of the regional territory). Natura 2000 areas cover 19.5% (approx. 502.000 Ha) of the territory. SCI are 204, SPZ 15 and area which are at the same time SCI and SPZ are 14 for a total of 233 Natura 2000 sites. The areas with extensive agriculture cover 42% of the regional UAA, while the incidence of land with a high natural value is less significant (3% of the regional territory).

On the basis of the monitoring carried out by the regional authorities, the quality of the **water** can be considered sufficient in relation to the gross nutrient balances, which are similar to the national average. The pollution from pesticides and other chemicals is present, and is significant in more than 30% of the regional rivers, streams, etc.. The region is individuating the areas at risk of pollution from agro-

chemicals (the monitoring operations started in 2007). 5.4% of the regional territory is classified as nitrate vulnerable zone (NVZ) and the action plan has been adopted in 2005. On the basis on the last available data, finally, approx. 15% of the regional UAA is irrigated.

The **emissions** of greenhouse gasses linked to agricultural activities are limited, in the national context. If we consider the total Italian emissions of NH₃, N₂O and CH₄ coming from the agricultural sector, the contribution of the regional agriculture is 4% in the first two cases and 5% in the third. Overall, the emissions of GHG coming from the agricultural sector are 2.2 million ton per year in terms of CO₂ equivalent, which represent less than 5% of the total regional emissions and 6% of the Italian emissions originated by agriculture. Finally, the production of **bioenergy** is increasing, but is still very limited (17.3 Mtep).

The main problems concerning **soil** are represented by erosion, loss of organic matter, salinisation, contamination, compaction and landslides/floods. In the Mediterranean climatic conditions, these problems can lead to soil desertification: more than 7% of the regional surface is considered at high risk of desertification. According to the last available official data (JRC PESERA – 2004) the loss of soil due to erosion is 1,81 t/ha/year. The figure is below the national average, but is sensibly higher on at least 22% of the regional territory and is considered to be underestimated. Soil salinisation is another significant problem, which affects more than 10% of the regional territory and landslides and floods finally (not only related to agriculture) are a remarkable problem, which affect more approximately 7% of the regional territory. In this context, the role of organic agriculture is, as mentioned before, important and has some positive effect on soil protection.

The regional **forests** are represented mainly by broadleaves (more than 72%) and are concentrated in the more internal part of the region and are situated, to a large extent, in protected areas and regional parks. The artificial forests are mainly represented by pine and eucalyptus, planted in the '50 and '60 for protective purposes. These forests are affected by problems such as diseases, fires, etc. As in other Italian regions, forests are increasing, at a rate of more than 500 Ha per year and have nearly doubled in the last 50 years. In spite of that, forest cover is well below the national average. The data concerning the forest ecosystem health state are still provisional and incomplete. In any case, on the basis of the analysis and surveys currently available, it can be said that problems of overgrazing, pollution, landslide and erosion and fires are present. As far as the forest fires are concerned, the situation is the following: according to the regional plan for the protection from forest fires (adopted in 2005), 32% of the regional surface is at high risk of fire, and 42% at medium risk. In the 2002-2005 period, more than 2.700 fires have been recorded, for a burned area of more than 50.000 Ha (15.000 Ha of which covered by woods or forests), with negative effects on biodiversity, soil and emissions.

On the basis of the analysis, the region has found the following **intervention needs**, related to priority axis 2:

- To protect biodiversity and HNV farmland
- To maintain traditional agriculture in less favoured areas
- To promote sustainable agriculture and the improvement of animal welfare, also connected with the public amenity and the multifunctional role of agriculture
- To improve water quality and to preserve the soil from erosion and desertification

- To increase and improve forests and protect them from the risk of fires and other natural disasters
 - To reduce GHG emission and to combat climate change
- *Rural economy and quality of life*

The situation in terms of **rural economy** is the following. In rural areas, the rate of employment is generally lower than the regional average, mainly in rural areas C and D. On the other hand, the incidence of agricultural employment is higher, and is approximately 14% in areas with intensive agriculture and 15% in areas with development gaps. In rural areas D and C, depopulation and ageing are the sensibly higher than the regional average, and the risk of marginalisation is concrete. In rural area B, on the contrary, the presence on young people is higher and the economic development comparable to that of the urban and peri-urban areas. The incidence of the industrial and tertiary sector is similar to the regional average, with the exemption of the areas with intensive agriculture, where the industrial employment is more important and the employed in services are less. In Sicily, the incidence of the **micro-business** is predominant: more than 96% of the regional enterprises are "micro". A large part of the regional microenterprises is concentrated in the urban and peri-urban areas and in the rural areas with intensive agriculture. Only 25% on them are situated in the weaker rural areas, where services and infrastructures are sensibly lower. **Tourism** is increasing and has good perspectives of development. Tourism infrastructures are concentrated in the urban and peri-urban areas, but also in intermediate rural areas. Agritourism and rural tourism is increasing, too: in the 2000-2006 period the number of regional agritourisms went from 170 to 380 (+125%). The **cultural heritage** of the region is significant: historical and natural features are in fact numerous.

The development of **infrastructures and services** at regional level shows significant gaps, if compared to the national situation. In rural areas, and in particular in the weaker ones, the development of services and infrastructures is even lower than the regional average, both for the population and the enterprises. There is no specific information about the broadband infrastructures in rural areas. The DSL coverage of the region is, however, lower than the national average (23% vs. 35%). Finally, the situation of **education** in rural areas shows significant gaps, in particular in the rural areas with intensive agriculture and in rural areas with development gaps. The incidence of life-long learning (related to the entire region) is lower than the national and EU-25 average (5,6% vs. 6,3% and 9%, respectively).

On the basis of the analysis, the region has found the following **intervention needs**, related to priority axis 3:

- To restore and improve rural villages
- To set up and develop basic services and infrastructures, both for the population of rural areas and for the rural economy
- To valorise and promote the culture and the traditions of the rural areas and to the develop recreational and cultural activities
- To develop tourism, agri-tourism and non-agricultural activities such as crafts, etc.
- To create new employment, to stabilise existing employment and to improve human capital

- To improve local governance and promote the bottom up approach

- *Leader*

The Leader+ initiative has involved 127 municipalities. The supported LAG were twelve, the area covered was 9.172 Km² (38% of the regional surface), with a population of 1.045.500 inhabitants (20,8% of the regional population).

3.2. Strategy chosen

The strategy of the Rural Development Programme for Sicily has been individuated within the framework set up at european and national level.

In terms of axis, situation in terms of spending rates is the following: axis 2 is the most important, as it has a financial weight of 53%. Axis 1 represents 32% of the total programme's budget and axis 3 (comprising Leader measures) 13%. As mentioned before, the Leader axis will contribute to the achievement of the objectives of axis 3. Its financial weight is 6%. Finally, 2% of the resources will be devoted to technical assistance.

The priorities of **axis 1** (improving the competitiveness of agriculture and forestry) are the followings: 1) to enhance the entrepreneurial capacities of the agricultural and forestry workers and to promote generational renewal, 2) to promote the modernisation the development of competitive holdings, 3) to develop physical infrastructures, 4) to promote quality products. The measure for the modernisation of the agricultural holdings is the most important, as it represents 42% of the budget of the axis and 18% of the programme's one. The measure for the increase of the added value of agricultural and forestry products is also relevant, as well as the support for the setting up of young farmers (19% and 11% of axis 1, respectively).

The priorities of **axis 2** (improving the environment and the countryside) are: 1) the conservation of the biodiversity and the protection of agricultural and forestry areas with a high environmental value, 2) the protection of water resources, 3) the reduction of greenhouse gasses, 4) the safeguard of landscape and countryside, 5) the protection of soil. The agro-environmental measure is the most significant. Its financial incidence is 58% of axis 2 and 25% of the total programme's budget. The measures for the first afforestation of agricultural land and for the afforestation of non agricultural land are also very significant and represent 21% and 8% of the axis budget, respectively.

The objectives of **axis 3** (quality of life in rural areas and diversification of the rural economy) are: 1) to improve the attractiveness of rural areas, for the population and the enterprises, 2) to maintain and create employment and income in rural areas, 3) to support training, competences acquisition and animation in rural areas. The most important measure of axis 3 is the measure for the diversification into non-agricultural activities, which covers more than 44% of the resources of the axis. Other significant measures are the setting up and development of basic services for the rural economy and population and the renewal of villages (10% of the axis, each).

The objectives of **axis 4** (Leader) are: 1) to reinforce the participation of local communities in the definition of the rural development policies, 2) to valorise the endogenous resources of the rural areas. The LAGs will implement the measures of axis 3. Inter-territorial and trans-national cooperation will be also financed.

In relation to the territorial priorities, this will be related to axis 3 and 4, with a concentration in the rural areas C and D but the possibility to implement the measures for the diversification and the encouragement of tourism activities in rural area B. Axis 1 will have some priorities per theme (i.e. young farmers) or, in case of the measures for investments, per sector and per territorial area. The territorialisation of axis 2 will be related to the environmental problems individuated in the analysis. In general, there will be a concentration towards the NVZ, the areas at risk of erosion or desertification, and the Natura 2000 areas.

The expected impacts of the programme are the followings:

| Impact indicator | Target |
|---|--|
| Economic growth | +309 Meuro |
| Employment creation | +19.460 |
| Labour productivity | +2016 GVA/FTE |
| Reversing biodiversity decline | Positive effect of the RDP (FBI = 96, with an additional effect of the RDP of 10%) |
| Maintenance of high nature value farming and forestry areas | 3.300 Ha |
| Improvement in water quality | - 17.155 t of N; - 8.692 t of P |
| Contribution to combating climate change | - 370 Ktoe of emission reduction |

3.3. Ex-ante evaluation

The ex ante evaluation has been elaborated by a working group of experts, independent from the administration. The programming document has been analysed in relation to the following aspects: problems and threats of the area covered by the programme, goals to be achieved, coherence with the NSP and CSG, lessons drawn from the previous programming period, results expected and quantified targets, Community value-added, procedures for implementation, monitoring and evaluation.

According to the evaluator, the analysis of the situation individuates correctly the needs of intervention. The goals and the objectives are coherent with the needs of intervention and with the community strategic guidelines. The budget of the measures seems to be coherent with the objectives and the needs of intervention, and the lessons arising from the previous programming periods have been taken into account.

The SEA is enclosed to the ex ante evaluation. The main conclusions of the SEA are that the programme takes into account the environmental aspects related to the rural development policies and could have a positive impact on climate change, biodiversity, soil conservation and water quantity and quality. The consultation of the authorities with environmental responsibilities has been carried out and was concluded in June 2007.

3.4. Impact from the previous programming period

RDP 2000-2006 had a budget of 561 Meuro of public expenditure and 420 Meuro of EAGGF. The public expenditure at the end of the financial year 2006 reached 568 Meuro, for an expenditure rate of approx. 101%. The main measures were agro environment (76%) and afforestation (22%).

The number of applications for the agri-environmental measure has been remarkable and the level of expenditure good. On overall, the impact on environment is considered good. The impact of the agro-environmental measure related to the conservation of endangered breeds has been not relevant. The effect on NVZ is not quantifiable because of the late designation of these areas (2005). The impact of afforestation has been reduced by the small and the dispersed areas that have been afforested. Finally, the number of applications for early retirement has been limited and not able to reverse the ageing of regional farmers.

The operational programme for 2000-2006 provides for 1.516 Meuro of public expenditure and 858,9 Meuro of EAGGF – Guidance resources, distributed within axis 1 – natural resources and axis 4 - local development. From the financial point of view, the most important measures are: investments in agricultural holdings, setting up of young farmers, processing and marketing of agricultural products.

The financial execution at the end of October 2007 was 70%. The measures that show some delays are: investments in agricultural holdings and enhancement of rural areas development (57% and 36% respectively, in terms of financial execution). The measure for the setting up of young farmers has contributed effectively in contrasting the ageing of the regional farmers (more than 8.000 beneficiaries).

The Leader+ programme has a budget of 29 Meuro in terms of EAGGF – Guidance and 38 Meuro in terms of public expenditure. The programme supports the activities of 12 Local Action Groups. At the end of 2006, financial execution reached 44%. The programme had a slow start-up, because of the long procedure for the selection of the LAGs. The implementation of the local strategies is now effective, and shows the first results. There are some delays in the implementation of cooperation projects.

4. AXES AND MEASURES

AXIS 1

Measure 111 (vocational training and information actions)

The measure will contribute to the objectives of improving the competitiveness of the agricultural, food and forestry sector, through the improvement of human capital

and the enhancement of the knowledge and the entrepreneurial capacities of farmers, forest holders and persons engaged in the agricultural, food and forestry sector.

Actions: a) training activities for farmers, farm workers and forest holders, b) information actions such as meetings, seminars and demonstrative projects, for farmers, farm workers, forest holders and other persons engaged in the agricultural and forestry sector such as consultants, technicians, etc.. The main subjects of the training and information action will be: sustainable agriculture, quality and hygiene of products, management of the holding, marketing and logistic, diversification, innovation and new technologies.

Beneficiaries: The beneficiaries will be farmers and farm workers, forest holders and forest workers, people employed in the agri-food industry. The training actions will be realised by accredited public or private bodies, while the information actions will be realised directly by the Region or by other subjects selected through a call of proposals.

Aid intensity 100%

Demarcation with ESF: EAFRD will finance the training of farmers and farm workers, of forest holders and workers, and of people employed in the agri-food sector. ESF will finance the training of other subjects linked with the agriculture, food and forestry sectors such as consultants, technicians, etc.

Outputs: 18.535 participants to training and 278.030 training days.

Measure 112 (Setting up of young farmers)

The measure will contribute to the objective of improving the competitiveness of agriculture and forestry, promoting the generational renewal

Amount of support: interest rate subsidy combined with a single premium, for an amount of 40.000 Euro.

Beneficiaries: farmers younger than 40, who set up for the first time as head of the holding, possess adequate skills/competence, submit a business plan for the development of the farming activity and set up in a farm of at least 8 ESU (with the commitment to increase the economic dimension of the farm to at least 12 ESU in normal areas and at least 10 ESU in less favoured areas). It will be possible to realise investments to comply with existing Community standards, within a grace period of 36 months. This possibility will be specified in the business plan. A grace period of 36 months to reach the conditions related to professional skills and competence will also be allowed. There will be the possibility to combine different measures through the business plan, and in particular measure 121, 122, 221 and 311.

Output indicators: 2.250 setting-ups and 180 Meuro of total investments.

Measure 114 (Use of farm and forestry advisory services)

The measure will contribute to increase the competitiveness of the agricultural and forestry holdings, and to promote production methods more favourable for the environment.

Actions: support for the use of advisory services with regard to a) statutory management requirements, good agricultural and environmental conditions provided for in R. 1782/03 (cross-compliance) and statutory management requirements concerning forestry, b) community standards related to occupational safety, d) improvement of the economical and technical performance of the holding. Action d) will be facultative and be linked to one of the other actions.

Beneficiaries: Farmers and forestry holders, with a priority for the farmers whose holdings are localised in Natura 2000, in a NVZ area or in an area at risk of chemical pollution. Young farmers and farms which receive more than 15.000 Euro/year of direct payments will also have a priority.

Amount and rate of support: 80% for a maximum amount of 1.000 Euro per advice (up to 3 advices for the entire programming period)

Output indicators 3.300 beneficiaries (3.000 farmers and 300 forestry holders)

Advisory bodies will be selected by Region Sicilia. They will have to provide for an adequate administrative and technical organisation and competence.

Measure 121 (Modernisation of agricultural holdings)

The measure will contribute to the objective of improving the competitiveness of agriculture and forestry, through the modernisation and the restructuring of the agricultural holdings. The investments will contribute to a) the modernization and restructuring of the agricultural holdings (also favouring the enlargement and the innovation of the enterprises), b) the concentration of supply, c) the development of the integration with the industry (also through the improvement of logistic and ICT), d) the improvement of quality (also through investments related to the introduction of quality certification, traceability, etc.), e) the diversification and adjustment of production towards other food and/or no-food sectors, f) the reduction of production costs and the increase of the sustainability of the holdings, g) the adjustment to the newly introduced community requirements, h) the better management and organisation of production.

Actions: the measure will support the following investments: a) purchase of land up to a maximum of 10% of the investment, b) construction or improvement of immovable property for the production, processing and marketing (comprising the realisation of farm shops), c) plantation and restructuring of perennial crops, d) purchase or lease purchase of new machinery and equipment for the production, processing and marketing (comprising hardware, software and equipment for broadband connection) finalised to the reduction of costs, to the increase of productivity, quality and working conditions/occupational safety, e) investments for the improvement of logistics in the farms, f) investments for energy saving and the production of renewable energy (power plants below 1 MW and proportionate to the energy consumption of the farm), g) realisation of short rotation forestry

plantations, for the production of biomasses, h) investment for water saving and rationalisation, comprising the realisation of on-farm small reservoirs (in the respect of the WFD provisions), i) investments for the improvement of animal welfare and for the adjustments of the newly introduced community requirements, l) investments linked to the implementation of quality certification, traceability systems and environmental certification, m) general costs such as consultation fees, feasibility studies and acquisition of patent rights and licences.

In case of processing and marketing, at least 2/3 of the raw material will have to be produced in the farm. The investments for irrigation, greenhouses and biomasses will have to respect the environment and the provisions of the Natura 2000 and WFD directives. In particular, the investment for the realisation and/or restructuring of greenhouses will have to respect all the requirements concerning the environment and landscape, and have a elevated performance in terms of energy consumption, water utilisation, etc..

The admissible agricultural sectors will be the following: arable crops, vegetable crops, floriculture, citrus, fruit crops, olives, wine, beef production, milk and dairy. The measure will support only annex I products. The support will be granted in case of structural or territorial disadvantages and for the adjustments of the agricultural sectors.

The investments in farms managed by young farmers, and those for the improvement introduction of quality, for the enhancement of occupational safety and for the integration with the industry will have a priority. For each sector, specific priorities and limits have been settled. In example, the investments in the olive oil sector will focus on the reduction of costs of pruning and harvesting, while in the citrus sector they will focus on the rationalisation of irrigation and the saving of water. In addition to that, territorial priorities for each sector have been set up, which take into account the territorial disadvantages of the farms (in general, priority for rural areas C and D).

Newly introduced standards: Directive 91/676/EEC, Directive 96/61/EC, “hygiene package” (R. 852/04, 853/04, 854/04, 882/04, 183/05 and Directive 2002/99/EC). In this case, a grace period of 36 months from the date from which the standard has become mandatory will be granted. Young farmers will have the possibility of realise investments to comply with existing Community requirements, with a grace period of 36 months. In this case, a list of requirements has been individuated (the above mentioned requirements plus Directive 98/58/EC, Directive 91/629/EEC and Directive 91/630/EEC)

Beneficiaries: single or associated agricultural holdings above a certain dimension (10 ESU in the less favoured areas, 12 ESU elsewhere and 8 ESU in case of young farmers)

Aid intensity: 50% in mountain areas and in areas with handicaps other than mountain areas, 40% elsewhere (+10% in case of young farmers).

Coherence with first pillar: see chapter 7

Output indicators: 2.547 farm holdings supported and 764 Meuro of total investments

Measure 122 (Improvement of the economic value of forests)

The measure will contribute to the objective of improving the competitiveness of agriculture and forestry, through the improvement of the economic performance of the forests. The promotion of the sustainable management and the multifunctional role of the forests will be other important objectives of the measure.

Actions: a) investments for the improvement of woods such as conversions, thinning, etc., b) recover and improvement of forest roads and infrastructures for the harvesting, c) purchase of machinery and equipment for forest works and harvesting, d) investments for the improvement and recover of specific wood types such as oaks for the production of cork, chestnut trees, etc., e) intangible investments related to the tangible investments, such as drawing-up of forest management plans and other general costs, up to a maximum of 20% of the total investment. The investments above 50 Ha will be based on a forest management plan. The investments will take place in woods, defined according to art. 30 of R. 1974/06, owned by private and municipalities and their associations and will have to respect the provisions of the regional forestry plan and the plan for the prevention of wood fires.

Beneficiaries: municipalities and their associations or privates and their associations who manage a wood owned by private and municipalities and their associations

Aid intensity 50% (+10% in mountain areas, in areas with handicaps other than mountain areas and in Natura 2000 areas)

Output indicators: 100 forest holdings supported and 52 Meuro of total investments

Measure 123 (Adding value to agricultural and forestry products)

The measure will contribute to the objective of improving the competitiveness of agriculture and forestry, through the increase of the added value of the agricultural and forestry products.

Actions: the measure will support the following investments: a) purchase of land up to a maximum of 10% of the investment, b) construction or improvement of immovable property for the processing and marketing, c) purchase or lease purchase of new machinery and equipment for the processing and marketing (comprising hardware, software and equipment for broadband connection) finalised to the reduction of costs, to the increase of the productivity, the quality and the working conditions/occupational safety, d) investments for the improvement of the logistics in the enterprise, e) investments for energy saving and the production of renewable energy (power plants below 1 MW and proportionate to the energy consumption of the enterprise), f) investments for the improvement of animal welfare and the adjustments of the newly introduced community requirements, g) investments linked to the implementation of quality certification, traceability systems and environmental certification, h) general costs such as consultation fees, feasibility studies and acquisition of patent rights and licences.

The admissible food sectors will be the following: oilseed cereals and protein crops processing, fruit and vegetable, floriculture, olive oil, wine, meat processing, honey and dairy. In case of forest products, the investments will focus on the cutting, transport and first processing (pre-industrial) of the wood. The support will be granted in case of structural or territorial disadvantages and for the adjustments of the sectors. The investments for the improvement of quality, for the enhancement of occupational safety, for the integration with the industry, for the rationalisation and integration of the industry and for the improvement of logistics will have a priority.

For each sector, specific priorities and limits have been settled. In example, the investments in the olive oil sector will focus on the improvement of the quality while in the meat processing sector they will focus on the improvement of hygiene.

Newly introduced standards: Directive 96/61/EC, “hygiene package” (R. 852/04, 853/04, 854/04, 882/04, 183/05 and Directive 2002/99/EC). In this case, a grace period of 36 months from the date from which the standard has become mandatory will be granted, only for micro-enterprises.

The investments will concern the processing and marketing of annex I products and forest products, and the processing and marketing on annex I products into non-annex I products.

Beneficiaries: micro, small and medium-sized enterprises. In case of forestry products, only micro enterprises will be eligible. Integrated projects realised by PO or groups of enterprises (forestry sector) will have a priority.

Aid intensity: 50%. In case of SME operating outside on annex I, the aid will be granted a) according to R. 70/01 with an intensity of 45%, b) according to *de minimis* rule with an intensity of 50%.

Coherence with first pillar: see chapter 7

Output indicators: 1430 holdings supported and 343,9 Meuro of total investments.

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

The measure will contribute to the objective of improving the competitiveness of agriculture and forestry, promoting the cooperation between farmers, food and raw material processing industries, research bodies and other partners, in developing new products, processes and technologies.

Actions: a) transfer and testing of research's results, c) innovative actions concerning processes and technologies, d) information concerning the process and/or product innovation. All the agricultural and forestry sectors will be covered, with a priority for the following sectors: cereals, livestock, milk and dairy, fruit and vegetable, wine, bio energy and biomasses, yeast and milk cultures, natural colorants and new products coming from annex I products. The cooperation action will not concern research activities and will be referred only to product/processes before their commercial use.

Beneficiaries: agricultural and forestry holdings, processing and marketing enterprises, public/private research institutes, consulting and service enterprises. Primary producers (farmers/forest holders) and research institutes will have to take part in the cooperation project.

Aid intensity: 100%. In case of products out of annex I, the support will be granted in respect of the *de minimis* rule.

Output indicators: 37 cooperation initiatives supported.

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

The measure will contribute to the objective of improving the competitiveness of agriculture and forestry, through the modernisation and the development of the infrastructures related to the agricultural and forestry sectors, promoting innovation and the sustainable management of soil and water.

Actions: a) realisation and improvement of rural roads for the access to farm and forest land, b) development and improvement of the irrigation network, c) rural electro-ducts. The investments for irrigation will have to respect the provisions of the WFD.

Beneficiaries: public bodies – for all the actions, and associated farmers – for action a) and b).

Aid intensity: 100% in case of public bodies, 75% in case of associated farmers (80% in LFA)

Output indicators: 150 initiatives supported and 101 Meuro of total investments.

Measure 126 (restoring agricultural production potential damaged by natural disasters and introducing appropriate preventive actions)

The measure will contribute to the objective of improving the competitiveness of agriculture and forestry, restoring agricultural production and introducing preventive actions, in relation to natural disasters.

Actions: a) investments for the restoration of rural infrastructures, farm buildings and equipment, perennial plants and livestock damaged by natural disaster, b) investments for the realisation of preventive actions from floods and landslides, c) general costs (consultation fees) connected with action a) or b) up to a maximum of 10% of the total investment. The occurrences classified as "natural disaster" are the followings: floods, landslides, earthquakes and volcanic eruptions.

Beneficiaries: farmers and public bodies

Aid intensity: 80% in case of preventive actions, 100% in case of restorations of productive potential

Output: 110 Ha and 10 Meuro of total investments.

Measure 132 (participation of farmers in food quality schemes)

The measure will contribute to the objective of improving the competitiveness of agriculture and forestry, promoting the participation of farmers in food quality schemes.

Amount of support: 3000 Euro maximum on the basis of the fixed costs arising from the participation in the supported schemes, for a maximum duration of 5 years. The fixed costs are the following: registration, annual fee, costs for the certification, costs of checks.

Beneficiaries: farmers who participate in the following quality schemes: a) Traditional specialities guaranteed (Council Regulation 509/2006), b) Geographical indications and designations of origin (Regulation 510/2006), c) Organic production of agricultural products (Regulation 2092/91), d) Quality wine produced in specified regions (Regulation 1493/1999), e) national system on wine produced in specified regions (IGT). The products are listed in the measure fiche and are 2 types of cheese, 6 types of olive oil, 7 types of fruits and vegetables and 31 types of wines.

Output indicators: 1.100 beneficiaries

Measure 133 (Information and promotion activities)

The measure will contribute to the objective of improving the competitiveness of agriculture and forestry, supporting the information and the promotion of quality products.

Actions: a) participation in fairs, exhibitions, workshop, educational activities and others, b) realisation of promotional activities, c) public relation activities and advertising, d) actions/initiatives in food shops, markets, etc..

Beneficiaries: producer groups participating in one of the food quality scheme supported by measure 132.

Aid intensity: 70% for the information and promotion activities, 50% in case of advertising.

Coherence with first pillar: Information and promotion activities supported under Regulation (EC) n. 2826/2000 will not receive support under this measure.

Output indicators: 24 supported actions

AXIS 2

Measure 211 (Natural handicap payments for farmers in mountain areas)

The measure will contribute to the objective of improving the environment and the countryside compensating for farmer's additional costs in mountain areas, thus preventing their abandonment.

Actions: payments to a) 200 Euro/Ha for forage crops and permanent crops in livestock farms with a density of 0,5-2 LU/Ha, b) 200 Euro/Ha in other farms with permanent crops (such as olive, hazelnut, chestnut, carob, almond, pistachio and ash yards). The minimum surface of the supported farms is 2 Ha of UAA. Payments will decrease above a certain dimension (50 Ha).

Beneficiaries: farmers localised in mountain areas

Transition arrangements: 2,52 Meuro

Output indicators: 2.000 holdings and 29.950 Ha

Measure 212 (Natural handicap payments for farmers other than mountain areas)

The measure will contribute to the objective of improving the environment and the countryside compensating for farmer's additional costs in areas with natural handicaps, thus preventing their abandonment.

Actions: payments to a) 150 Euro/Ha for forage crops and permanent crops in livestock farms with a density of 0,5-2 LU/Ha, b) 150 Euro/Ha in other farms with permanent crops (such as olive, hazelnut, chestnut, carob, almond, pistachio and ash yards, in minor islands also capers and traditional vineyards will be eligible). The minimum surface of the supported farms is 2 Ha of UAA (1 Ha of UAA in minor islands). Payments will decrease above a certain dimension (50 Ha).

Beneficiaries: farmers localised in less favoured areas other than mountain areas

Transition arrangements: 2,52 Meuro

Output indicators: 1.600 holdings and 19.000 Ha

Measure 214 (Agri-environment payments)

The measure will contribute to the objective of improving the environment and the countryside, supporting the farmers who make, on a voluntary basis, agro-environmental commitments going beyond the mandatory requirements and standards.

SUBMEASURE 1 – SUSTAINABLE AGRICULTURE AND LAND MANAGMENT

Action 1A – sustainable farming methods

The commitments are:

- respect of integrated production rules for plant protection
- prohibition of utilisation of chemical herbicides
- adoption of a plan for the rationalisation of irrigation
- implementation of a fertilisation plan, based on the principle of nutrient balance, with a soil analysis once every two years (– 30% of P with a reference to the normal agricultural practice and utilisation of at least 30% of organic fertilisers for the N fertilisation)
- in sloping arable fields (more than 5% of gradient), actions for the protection of soil from erosion (ploughing with an horizontal orientation, realisation of draining rills or grass strips of at least 5 m., every 40 m.), green manuring once every 3 years or rotation with at least 2/6 of meadows with *leguminosae*, keeping of a green cover in winter and spring, prohibition of stubble burning
- in plain arable fields (less than 5% of gradient): realisation of a cover crop in autumn and winter in case of spring crops, green manuring once every 3 years or rotation with at least 2/6 of meadows with *leguminosae*, prohibition of stubble burning
- for permanent crops and vineyards, keeping of a green cover on at least one very two planting rows (in all the rows if in NVZ)

The foreseen environmental advantages are a reduction of the negative impacts caused by intensive agriculture and an increase in the safety of the products, the reduction of erosion and the improvement of the soil structure, and a more rational use of water resources. The duration of the commitment is 5 years and the minimum admissible surface is 2 Ha.

The action will be localised in the entire regional surface, with a priority for NVZ, river basins, Natura 2000 areas and areas neighbouring rivers, streams, etc.. Annual payments are the following:

| Crop | Annual support |
|--|----------------|
| cereals | 120 |
| Protein crops | 120 |
| Forage crops | 90 |
| Vegetables | 300 |
| Officinal and aromatic herbs | 150 |
| citrus | 450 |
| Almond, hazelnut, pistachio, walnut, carob | 350 |
| Fruit crops | 600 |
| Vineyards | 450 |

| | |
|-------|-----|
| Olive | 350 |
|-------|-----|

Action 1B – organic farming

The commitments are:

- to respect the provisions of Reg. 2092/91 on the entire farm (and of R. 1804/1999 in case of livestock)
- implementation of a fertilisation plan, based on the principle of nutrient balance, with a soil analysis once every three years
- in sloping arable fields (more than 5% of gradient), actions for the protection of soil from erosion (ploughing with an horizontal orientation, realisation of draining rills or grass strips of at least 5 m), green manuring once every 3 years or rotation with at least 2/6 of meadows with *leguminosae*, keeping of a green cover in winter and spring, prohibition of stubble burning
- in plain arable fields (less than 5% of gradient): realisation of a cover crop in autumn and winter in case if spring crops, green manuring once every 3 years or rotation with at least 2/6 of meadows with *leguminosae*, prohibition of stubble burning
- for permanent crops and vineyards, keeping of a green cover on at least one very two planting rows (in all the rows if in NVZ), in autumn/winter

The foreseen environmental advantages consist in a reduction of the use of chemical products, with a reduction of soil and water contamination, in the reduction of erosion and the improvement of the soil structure. Livestock density will have to be between 0,5 and 2 LU/Ha. The duration of the commitment is 5 years. The minimum admissible surface is 2 Ha (1 Ha in minor islands). The action will be localised in the entire regional surface, with a priority for Natura 2000 areas, NVZ, areas at risk of pollution from agro-chemicals and river basins. Annual payments are the following:

| Crop | Introduction | Maintenance |
|--|---------------------|--------------------|
| Cereals | 220 | 200 |
| Protein crops | 200 | 180 |
| Forage crops | 150 | 140 |
| Forage crops in livestock farms which respect the provisions of R. 1804/99 | 370 | 340 |
| Vegetables | 600 | 550 |
| Officinal and aromatic herbs | 450 | 400 |
| Citrus | 800 | 750 |
| Almond, hazelnut, pistachio, walnut, carob | 570 | 530 |

| | | |
|-------------|-----|-----|
| Fruit crops | 900 | 850 |
| Vineyards | 750 | 700 |
| Olive | 580 | 530 |

Action 1C – crop rotation for the improvement of soil

The commitments are:

- implementation of a fertilisation plan, based on the principle of nutrient balance, with a soil analysis once every two years (– 30% of P with a reference to the normal agricultural practice and – 30% of N with a reference to the limit set up according to the Nitrate directive)
- actions for the protection of soil from erosion (ploughing with an horizontal orientation, realisation of draining rills or grass strips of at least 5 m) and adoption of the following rotation plan: 1/3 crops for the enrichment of soil (i.e. maize), 1/3 cereals, 1/3 crops for the improvement of soil (i.e. *leguminosae*) or green manuring
- prohibition of stubble burning

The foreseen environmental advantages are the reduction of erosion and the improvement of soil structure. The duration of the commitment is 5 years. The action will be realised in sloping fields (more than 5% of gradient) localised in the areas at risk of desertification and/or in the areas at risk of erosion. Annual payments are 100 Euro/Ha

Action 1D – maintenance of local endangered breeds

The commitments are

- To rear farm animals of local breeds in danger to be lost to farming

The foreseen environmental consists in the conservation of biodiversity. Annual payments will be the following: cattle – *Modicana* (3.400 breeding females), *Cinisara* (3.950), *Siciliana* (3.000); equidae – *Cavallo sanfratellano* (1.600), *Puro sangue orientale* (40), *Asino ragusano* (1.400), *Asino pantesco* (37); sheep and goats – *Barbaresca siciliana* (2.000), *Noticiana* (4.500), *Girgentana* (800), *Argentata dell'Etna* (3.000); pigs – *Suino nero siciliano* (850). The annual premiums are: 200 Euro/LU. In the case of the breed *Asino pantesco*, the premium is raised to 500 Euro/LU because of the limited number of breeding females.

SUBMEASURE 2 – CONSERVATION OF GENETIC RECOURCES

Action 2 – conservation of genetic resources in agriculture

The operations for the conservation of genetic resources will consist in: ex situ and in situ conservation, characterisation and collection of vegetal genetic resources, conservation of endangered permanent crop varieties, information and dissemination activities. 100% of the costs will be covered.

For measure 214, the calculations justifying the grant amounts are described in annex 1. Cross-compliance requirements according to Reg. (EC) n. 1782/2003 and the minimum requirements for fertilisers and plant protection products have been taken into account, as a baseline for the abovementioned calculations. The calculations justifying the amounts have been elaborated by Region Sicilia. The University of Catania – Department of agricultural economics, is confirming the adequacy and consistency of the calculations.

Beneficiaries: farmers for action 1A, 1B, 1C, 1D. For sub-measure 2, Region Sicilia, universities, institutes of research and farmers/other private landowners, in case of in situ conservation of endangered plant varieties.

Transition arrangements: 255 Meuro

Output indicators: 17.500 beneficiaries, 220.000 Ha

Measure 216 (non productive investments)

The measure contributes to the objective of improving the environment and the countryside, supporting non-remunerative investments, related to the protection of environment and the enhancement of the public amenity value of the Natura 2000 areas.

Actions: a) creation of buffer areas in connection with measure 214, action 1A, 1B and 1C in NVZ, areas at risk of pollution from agro-chemicals, river basins and areas neighbouring rivers, streams, etc., b) non productive investments to improve the biodiversity and to increase the public amenity of Natura 2000 and protected areas (i.e. realisation and recover of small woods or ponds, realisation of bird watching points, paths, etc.)

Beneficiaries: farmers

Aid intensity: 100%

Output indicators: 100 beneficiaries and 10 Meuro of total investments

Measure 221 (First afforestation of agricultural land)

The measure contributes to the objective of improving the environment and the countryside, supporting the afforestation of agricultural land, related to the conservation land from erosion and landslides, to climate change mitigation, to the improvement of landscape and countryside.

Actions: first afforestation of agricultural land with a) permanent forest with environmental and/or protective purposes; b) forest of broadleaves and/or conifers

for wood production, with a rotation cycle longer than 15 years. The afforestation with permanent forests will have a priority in the areas at risk of erosion and desertification. The afforestation with broadleaves and/or conifers will have a priority in the areas with intensive farming.

Definition of agricultural land: agricultural land cultivated in the last three years

Definition of farmer: individual who earns 50% of his income and dedicates 50% of his time to farming activities. In LFA, the percentage is 25%.

Aid intensity and grants: 1) support to first establishment costs up to a maximum of 6.000 Euro/Ha and with a rate of 80% in LFA and 70% elsewhere), 2) annual premium for maintenance for 5 years (for broadleaves: 600 Euro/Ha the first two years and 360 Euro/Ha the last three years, for conifers: 300 Euro/Ha the first two years and 180 Euro/Ha the last three years), 3) annual premium for loss of income for 15 years (434 Euro/ha for farmers and 150 Euro/Ha for other farmers and public subjects).

Beneficiaries: farmers (according to the above mentioned definition), other farmers and their associations, municipalities and their associations.

Public bodies will receive only the contribution for the establishment costs, and permanent pastures/meadows will be excluded from support. The afforestation in Natura 2000 will have to respect the provisions of the conservation measures and/or the managing plan of the site.

For measure 221, the calculations justifying the grant amounts are described in annex 1. The calculations justifying the amounts have been elaborated by Region Sicilia. The University of Catania – Department of agricultural economics, is confirming the adequacy and consistency of the calculations.

Transition arrangements: 81,3 Meuro

Output indicators: 500 beneficiaries and 9.000 Ha

Measure 222 (First establishment of agro-forestry systems on agricultural land)

The measure contributes to the objective of improving the environment and the countryside, supporting the establishment of agro-forestry systems aimed to the improvement of landscape, the conservation of biodiversity, the protection from erosion and the production of biomasses.

Actions: a) establishment of agro-forestry systems with groups, rows or a sparse lay out of forestry trees with a density 100 plants per hectare, with productive and/or protective purposes, b) establishment of agro-forestry systems with groups, rows, hedges of a sparse lay-out of forestry trees and shrubs for the production of fruit, honey, etc. (hawthorn, blackberry bush, etc.), with a maximum density of 150 plants per hectare.

The agricultural use (extensive arable crops and forage crops) shall be carried out on at least 50% of the area. The afforestation in Natura 2000 will have to respect the provisions of the conservation measures and/or the managing plan of the site.

Beneficiaries: farmers

Aid intensity: 80% of the first establishment costs in LFA and 70% elsewhere

Output indicators: 50 beneficiaries and 3.975 Ha

Measure 223 (First afforestation of non-agricultural land)

The measure contributes to the objective of improving the environment and the countryside, supporting the afforestation of non-agricultural land, with the objective of reducing erosion and landslides, combating climate change and preserving biodiversity.

Actions: first afforestation of non agricultural land with a) forests with protective purposes in areas at risk of erosion, landslides and desertification; b) forest of broadleaves and/or conifers for wood production, in areas with intensive agriculture.

The afforestation in Natura 2000 will have to respect the provisions of the conservation measures and/or the managing plan of the site.

Definition of non agricultural land: abandoned agricultural land (not cultivated in the last three years), other non agricultural land

Beneficiaries: private subjects, communes and their associations, Region Sicilia and other public bodies

Aid intensity and grants: 1) support to first establishment costs up to a maximum of 6.500 Euro/Ha and with a rate of 100% for public bodies, and 70% for private subjects (80% in LFA), 2) in case of abandoned agricultural land, annual premium for maintenance for 5 years (for broadleaves: 600 Euro/Ha the first two years and 360 Euro/Ha the last three years, for conifers: 300 Euro/Ha the first two years and 180 Euro/Ha the last three years).

Public bodies will receive only the contribution for establishment costs. The calculations justifying the amounts (maintenance costs) are described in the annex 1.

Output indicators: 50 beneficiaries and 10.000 Ha afforested

Measure 226 (Restoring forestry potential and introducing preventive actions)

The measure will contribute to the objective of improving the environment and the countryside, supporting the restoration of forestry potential in forests damaged by fire and other natural disasters and introducing appropriate prevention actions.

Actions: a) preventive forestry practices such as vegetation control, thinning, diversification of vegetation structure, recover and maintenance of protective infrastructures such as forest paths, tracks, water supply points and fire breaks and improvement of fixed communication and surveillance equipment, b) land consolidations and water management interventions in forests, c) restoration of forests damaged by fire and natural disasters (floods, landslides, earthquakes and volcanic eruptions), d) general costs up to 12%. Preventive action for fires will take place only in areas at medium or high risk of fire.

Beneficiaries: private owners and their associations, communes and their associations, Region Sicilia and other public bodies.

Aid intensity: 100%

Output indicators: 50 actions and 3.000 Ha of forest recovered

Measure 227 (non productive investments)

The measure contributes to the objective of improving the environment and the countryside, supporting non-remunerative investments, related to the enhancement of the biodiversity and the public amenity value of the forests.

Actions: a) recover and improvement of local ecotypes of forests, b) realisation or recover of paths and realisation of small scale infrastructures for the enhancement of the public amenity of the forest (such as information points, didactic rooms, botanic gardens), c) general costs (up to 12%). The investments in forests above 50 Ha will have to be based on a forest management plan.

Beneficiaries: private owners and their associations, communes and their associations, Region Sicilia and other public bodies.

Aid intensity: 100%

Output indicators: 35 beneficiaries and 10 Meuro of total investments

AXIS 3

Measure 311 (Diversification into non-agricultural activities)

The measure contributes to the objective of maintaining and creating employment and income in rural areas, supporting the diversification into non-agricultural activities of the farmers and the members of the household.

Actions

- (1) Agritourism: a) improvement of immovable property and purchase of machinery and equipment for agritourism activities, b) investments for the saving of water, energy and rational disposal of waste, c) investments for the production of renewable energy (on-farm utilisation), d) investments for

the marketing of local products, e) hardware and software, comprising the access to broadband connection,

- (2) Renewable energy: a) machinery/equipment for the processing and storage of biomasses, b) realisation of power plant for the production of energy from biomasses, c) realisation of power plant for the production of energy from renewable sources (wind turbines or solar, up to a maximum power of 30 kW), d) small plants for the production and storage of bio-fuels, e) equipment linked to the production of renewable energy. In any case, the plants will have a power below 1 MW.
- (3) Diversification activities: a) investments for the adaptation of on- farm external areas (i.e. access roads), b) improvement of immovable property and purchase of machinery and equipment linked to the diversification activity, c) investments for the production of renewable energy (on-farm utilisation), d) hardware and software, comprising the access to broadband connection. The diversification activities will be: recreational activities, sport activities, educational activities (didactic farms), pet-keeping, riding, etc..

Beneficiaries: farmers and members of the farm household

Localisation: Rural areas C and D, with the exemption of the adaptation of existing agri-tourism, which will be possible also in rural area B in farm with structural disadvantages

Aid intensity: 45% in case of respect of R. 70/01. 75%, in case of respect of *de minimis* rule.

Indicators: 335 beneficiaries and 100 Meuro of total investments. Gross number of job created: 429

Measure 312 (Support for business creation and development)

The measure contributes to the objective of maintaining and creating employment and income in rural areas, supporting the creation and the development of micro-enterprises.

Actions: a) improvement of immovable property and purchase of machinery and equipment, b) hardware and software, comprising the access to broadband connection for the creation and development of micro-enterprises operating in the following sectors: traditional craft, processing and marketing of non-annex I products, services for the enterprises, production of energy from biomasses and other sources (wind turbines or solar, up to a maximum power of 30 kW). In case of production of energy, the plants will have in any case a power below 1 MW.

Beneficiaries: micro-enterprises

Localisation: rural areas C and D

Aid intensity: 75% and respect of *de minimis* rule

Indicators: 62 beneficiaries. Gross number of job created: 70

Measure 313 "Encouragement of tourism activities"

The measure contributes to the objective of maintaining and creating employment and income in rural areas, supporting the development of tourism activities.

Actions: a) realisation and restructuring of information centres, b) realisation of small accommodation and information infrastructures in protected areas or along rural/eno-gastronomic itineraries, c) signposting, d) development of web sites and e-booking services, realisation of informative material (i.e. brochures, etc.), promotional activities for the development of tourism (i.e. participation in fairs).

Beneficiaries: Region Sicilia, local bodies, associations and consortium, NGOs

Localisation: Rural areas C and D. In case of rural/eno-gastronomic localised mainly in area C and D but with some parts in rural area B, also these areas will be admissible.

Aid intensity: For public beneficiaries: 100% and respect of *de minimis* rule. In case of private beneficiaries: 45% in case of respect of R. 70/01 and 75% in case of respect of *de minimis* rule.

Indicators: 80 beneficiaries and 18,5 Meuro of total investments. Gross number of job created 80.

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

The measure contributes to the objective of to enhance the conditions of rural areas, trough the implementation or the improvement of basic services for the rural economy and population.

Actions: improvement of immovable property and purchase of machinery and equipment, acquisition of hardware, software and services, general costs connected to: a) realisation and improvement of farmers markets and local markets, b) realisation and improvement of rural aqueducts, c) realisation of power plants utilising biomasses or renewable energy sources for the heating/powering of public buildings, e) realisation of wireless networks and public centres for the access to broad band internet.

Beneficiaries: Region Sicilia, public/local bodies, TLC companies

Localisation: rural areas C and D

Aid intensity: For public beneficiaries: 100% and respect of *de minimis* rule. In case of private beneficiaries: 45% in case of respect of R. 70/01 and 75% in case of respect of *de minimis* rule.

Indicators: 20 supported actions and 20 Meuro of total investments.

Measure 322 (village renewal and development)

The measure contributes to the objective of to enhance the conditions of rural areas, through the realisation of investments aimed to increase the attractiveness of rural villages and to valorise the local culture and traditions.

Actions: recover and improvement of public buildings for a) accommodation, information and tasting of local products, b) demonstration of the processing methods of traditional local products, c) valorisation, processing and marketing of traditional local products, d) restoration of building and structures of cultural, historical and environmental interest, d) restoration of public spaces (small squares, courtyards, etc.). The buildings shall have an historical/architectonic value

Beneficiaries: Region Sicilia, local bodies

Localisation: Rural areas C and D. The measure will apply in villages up to 500 inhabitants

Aid intensity: 100%.

Indicators: 49 villages improved and 20 Meuro of total investments.

Measure 323 (Conservation and upgrading of the rural heritage)

The measure contributes to the objective of to enhance the conditions of rural areas, through the realisation of investments aimed to conservation and the improvement of the cultural and natural heritage, localised in the rural territory.

Actions: a) restoration and recover of rural buildings or structures with a cultural, historical or traditional value, b) actions for the recover of natural and semi-natural elements of the traditional landscape (i.e. stonewalls, troughs, etc.) and of enlisted specimens of tree, classified as "monuments" by the regional authority.

Beneficiaries: Region Sicilia, local bodies, managing authorities of protected areas, private owners of buildings, structures, etc..

Localisation: Rural areas C and D

Aid intensity: For public beneficiaries: 100% and respect of *de minimis* rule. In case of private beneficiaries: 45% in case of respect of R. 70/01 and 75% in case of respect of *de minimis* rule.

Indicators: 74 actions supported and 10,7 Meuro of total investments.

Measure 331 (training and information)

The measure contributes to the two general objectives of axis 3 (to maintain and create employment and income in rural areas and to enhance the conditions of rural

areas both for the population and the enterprises), supporting the realisation of training activities about the diversification of economic activities and the quality of life in rural areas.

Actions: training courses and information activities for the economic actors operating in the fields covered by axis 3, such as diversification, tourism, valorisation of the rural areas, sustainable development in rural areas, quality of life.

Beneficiaries: Region Sicilia

Localisation: Rural areas C and D

Aid intensity: 100%

Indicators: 3.543 participants to training and 35.430 training days.

Measure 341 "skills acquisition, animation and implementation"

The measure will finance the skill acquisition and the animation related to the local development strategies.

Actions: a) animation concerning the implementation of a local development strategy, b) realisation of demonstrative and skill acquisition actions. Both the actions will be realised before the implementation of the local strategies. The areas where Leader wasn't active will have a specific priority.

Beneficiaries: Region Sicilia

Localisation: Rural areas C and D

Aid intensity: 100%.

Output indicators: 13 animation and acquisition of skills actions and 195 participants.

AXIS 4

Measure 41 (implementation of the local development strategies)

Characteristics of the strategies: it will be possible to implement Leader strategies on rural areas. The strategies will have to achieve the objectives of axis 3 (to maintain and create employment and income in rural areas and to enhance the conditions of rural areas both for the population and the enterprises). The operations will have to comply with the conditions of the following measures of axis 3: measure 312, 313, 321, 323 and 331. There will be also the possibility of implement Leader actions, other than those foreseen in the abovementioned measures, for the achievement of the objectives of axis 3.

Selection criteria and procedures: LAGs will have to 1) consist in a public-private partnership (socio-economic partners and other representative at least 50% of the partnership, at the decision-making level); 2) propose an innovative and integrated

strategy concerning an admissible area; 3) propose a strategy on a sub regional rural area with a population of 60.000-150.000 inhabitants and involving at least 6 municipalities. Selection will be based on the characteristics of the area, of the partnership and of the strategy. LAGs will be selected by tender. The procedure will start 4 months after the approval of the programme and will conclude 24 months after the approval of the programme. The LAGs will be 15.

Localisation: rural areas C and D

Expected output: 15 LAGs, surface 11.750 km² and 1.500.000 inhabitants

Measure 421 (Inter-territorial and trans-national cooperation)

The LAGs will have the possibility to implement inter-territorial and trans-national cooperation initiatives. The creation of a regional network will be also financed.

Selection procedures: The Managing Authority will select the cooperation projects, submitted by the LAGs

Output indicators 6 projects for a total of 20 LAGs involved

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

Actions: information and animation, training of personnel, running costs. Running costs, acquisition of skills and training of personnel will not exceed 20% of the public expenditure related to the local development strategy.

Aid intensity: 100%

Output indicators: 120 actions

5. FINANCING

5.1. Annual Contribution from the EAFRD (in EUR)

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 177.566.000 | 176.522.000 | 171.230.000 | 173.597.000 | 171.711.000 | 170.925.000 | 169.612.000 |

5.2. Financial plan by axis (in EUR total period)

| Title | Public Expenditure | EAFRD Contribution Rate | EAFRD Contribution |
|----------------------|----------------------|-------------------------|----------------------|
| Axis 1 | 892.367.573 | 43,84% | 391.213.944 |
| Axis 2 | 886.504.029 | 72,00% | 638.282.901 |
| Axis 3 | 158.915.483 | 53,35% | 84.781.410 |
| Axis 4 Leader | 126.382.226 | 57,50% | 72.669.780 |
| Technical Assistance | 42.142.299 | 57,48% | 24.214.965 |
| Total | 2.106.311.610 | 57,50% | 1.211.163.000 |

5.3. Indicative breakdown by measure (in EUR, total period)

| Axis / Measure | Public Expenditure | Private | Total |
|------------------------------------|----------------------|--------------------|----------------------|
| 111. Training and information | 38.924.573 | 0 | 38.924.573 |
| 112. Young farmers | 90.000.000 | 0 | 90.000.000 |
| 113. Early retirement | 7.100.000 | 0 | 7.100.000 |
| 114. Use of advisory services | 11.520.000 | 2.880.000 | 14.400.000 |
| 115. Setting up | 0 | 0 | 0 |
| 121. Modernisation of farms | 382.000.000 | 382.000.000 | 764.000.000 |
| 122. Improvement of forests | 28.600.000 | 23.400.000 | 52.000.000 |
| 123. Adding value | 171.987.000 | 171.987.000 | 343.974.000 |
| 124. Cooperation | 29.600.000 | 0 | 29.600.000 |
| 125. Infrastructure | 75.895.999 | 25.500.000 | 101.395.999 |
| 126. Restoring potential | 10.000.000 | 3.500.000 | 13.500.000 |
| 131. Meeting standards | 0 | 0 | 0 |
| 132. quality schemes | 16.500.000 | 0 | 16.500.000 |
| 133. Promotion and information | 30.240.000 | 12.960.000 | 43.200.000 |
| Total axis 1 | 892.367.573 | 622.227.000 | 1.514.594.573 |
| 211. Natural handicap payments | 33.000.000 | 0 | 33.000.000 |
| 212. Payments for disad.... | 19.774.000 | 0 | 19.774.000 |
| 213. Natura 2000 and WFD | 0 | 0 | 0 |
| 214. Agri-environment payments | 517.968.029 | 0 | 517.968.029 |
| 215. Animal welfare payments | 0 | 0 | 0 |
| 216. Non-productive invest | 10.000.000 | 0 | 10.000.000 |
| 221. First afforestation | 186.892.000 | 17.000.000 | 203.892.000 |
| 222. Agro-forestry | 4.540.000 | 1.600.000 | 6.140.000 |
| 223. Firs afforestation of non ... | 74.330.000 | 5.000.000 | 79.330.000 |
| 224. Natura 2000 payments | 0 | 0 | 0 |
| 225. Forest-environment | 0 | 0 | 0 |
| 226. Restoring forestry potential | 30.000.000 | 0 | 30.000.000 |
| 227. Non-productive invest | 10.000.000 | 0 | 13.500.000 |
| Total axis 2 | 886.504.029 | 23.600.000 | 913.604.029 |
| 311. Diversification | 65.359.552 | 35.150.000 | 100.509.552 |
| 312. Business creation | 18.555.931 | 6.500.000 | 25.055.931 |
| 313. tourism activities | 12.000.000 | 6.500.000 | 18.500.000 |
| 321. Basic services | 15.000.000 | 5.000.000 | 20.000.000 |
| 322. Village renewal | 20.000.000 | 0 | 20.000.000 |
| 323. rural heritage | 8.000.000 | 2.700.000 | 10.700.000 |
| 331. Training and information | 10.000.000 | 0 | 10.000.000 |
| 341 | 10.000.000 | 0 | 10.000.000 |
| Total axis 3 | 158.915.483 | 55.850.000 | 214.765.483 |
| 411. Competitiveness | 0 | 0 | 0 |
| 412. Environment | 0 | 0 | 0 |
| 413. Quality of life | 92.382.226 | 38.000.000 | 130.382.226 |
| 421. Cooperation | 19.000.000 | 0 | 19.000.000 |
| 431. skills and competence | 15.000.000 | 0 | 15.000.000 |
| Total axis 4 | 126.382.226 | 38.000.000 | 164.382.226 |
| 511. Technical Assistance | 42.142.299 | | 42.142.299 |
| Grand. Total | 2.106.311.610 | 739.677.000 | 2.845.988.609 |

5.4. Additional financing according to Art. 16(f) of Regulation (EC) No 1698/2005

| Measure/Axis | Public expenditure |
|---------------------|---------------------------|
| Measure 121 | 16.000.000 |
| Measure 133 | 4.000.000 |
| Total Axis 1 | 20.000.000 |
| Total | 20.000.000 |

6. DESCRIPTION OF STATE AID MEASURES

For the measures and operations falling within the scope of the article 36 of the Treaty, the Region envisages an additional national financing for the above-mentioned measures of axis 1. In this case, the additional financing will be a "top up", and the relevant information sheets are annexed to the programme.

For the measures/operations outside the scope of the article 36 of the Treaty, support will be granted according to the "de minimis" rule (measure 123, 124, 311, 312, 313, 321, 323 and 331) or according to R. 70/01 (XS 312/07 for measure 123, XS 308/07 for measure 311, XS 309/07 for measure 313, XS 310/07 for measure 321, XS 311/07 for measure 323), with the exemption of non-economic activities.

7. DESCRIPTION OF THE COMPLEMENTARITY

The information concerning the appraisal and means for the complementarity with cohesion Funds, EFF and EAFG is described in chapter 10 of the programme. In order to guarantee the complementarity between the rural development programme and the other programmes supported by the Community Funds for the 2007-2013 programming period, a representative on the concerned managing authorities will participate in the programme's monitoring committee

The complementarity with the EFRD will concern various fields of intervention. As far as the measures of axis 1 are concerned, the EFRD operations for regional development will be related to the improvement of infrastructures, to logistic, to research and to the improvement of the competitiveness of the enterprises. The complementarity with the axis for the improvement of environment and the countryside will be related to water (quantity and quality), energy (in relation to the need of reducing emissions) and soil. The complementarity and demarcation for these fields is individuated in chapter 10 of the programme.

For the measures of axis 3, demarcation criteria have been individuated and are described in the following table. They are based on the typology of the beneficiary and the financial dimension of the project.

| Measure | EAFRD | EFRD |
|----------------|---|---|
| 311 | Diversification into non agricultural activities, localised in the farm and made by the farmer or a member of the farm household | EFRD doesn't intervene in the farm and for a farmer/member of the farm household |
| 312 | Creation and development of micro-enterprises, in connection with primary production in rural areas C and D, up to a maximum cost of 250.000 Euro. | In rural areas C and D, EFRD will support the creation and development of micro-enterprises not connected with primary production. In any case, the projects will have a maximum cost above 250.000 Euro. |
| 313 | Infrastructures and services for tourism in rural areas such as farmer markets, eno-gastronomic routes, small scale accommodation, etc., up to a maximum of 300.000 Euro. | EFRD will support the realisation of infrastructures and services for tourism in rural areas, of a minimum cost of at least 300.000 Euro. |
| 321 | Basic services for the rural population and enterprises and wireless connection, localised in rural area C and D and with a maximum cost of 300.000 Euro. | EFRD will support the realisation of basic services for the rural population and enterprises, from a minimum cost of 300.000 Euro and in a bigger (not local) context. |
| 322 | Village renewal and development, for villages of less than 500 inhabitants, localised in rural areas C and D | Village renewal and development, for villages localised in rural area C and D, with more than 500 inhabitants |
| 323 | Conservation and upgrading actions for the natural and cultural heritage, for projects with a maximum cost of 300.000 Euro | Conservation and upgrading actions for the natural and cultural heritage, for projects with a minimum cost of at least 300.000 Euro |

In case of renewable energy, EAFRD will support the realisation of power plants below 1 MW, in axis 3, while EFRD will support the realisation of bigger power plants. In case of training activities, the EAFRD will support some the training of persons engaged in the agricultural, food and forestry sector (measure 111) and of economic actors operating in the fields of axis 3 (measure 331).

The RDP doesn't foresee interventions for fisheries or aquaculture, and any possible overlapping with the local development strategies will be avoided in the implementation phase.

The measures of the RDP will complement and be synergic with the measures financed by the first pillar of the CAP, and in particular with some measures financed by the CMO. The appraisals of and the means for complementarity, as well as the criteria and the administrative rules to avoid double funding, are described in the programme. For fruit and vegetable, olive oil, bee keeping and wine, an exemption according to article 5.6 of R; 1698/05 is asked.

Fruit and vegetables: the members of the producer organisations (PO) will be supported by the RDP only for the operations that are not financed by the operational programme of the PO. In the case of investments for the processing and marketing of fruits and vegetables – measure 123, the PO and their members will be supported by the RDP only for projects with a total cost higher than 500.000 Euro. The projects below 500.000 Euro will be financed by the PO.

Olive oil: the members of the producer organisations (PO) will be supported by the RDP only for the operations that are not financed by the operational programme of the PO. The RDP will support all the other actions related to this sector.

Bee keeping: the CMO finances the purchase of hives, swarms and the machinery/equipment for their transportation and some technical assistance/advisory actions. The RDP will support all the other actions related to this sector.

Wine: the restructuring and the reconversion of vineyards will be financed by the CMO. The RDP will support all the other actions related to this sector.

8. PROGRAMME DELIVERY

8.1. Designation of competent authorities and bodies responsible

The managing authority will be Regione Sicilia – Dipartimento regionale interventi strutturali

The paying agency will be the national one – AGEA

The certification body will be, for the year 2007, Price Waterhouse Coopers S.p.A.

8.2. The monitoring and evaluation system

The monitoring system will utilise the common indicators set up at community level. The monitoring and evaluation process will be realised according to the regulation prescriptions and according to the guidance set up in the NSP. It will be divided in three phases: ex-ante, in itinere and ex-post.

8.3. Information and publicity arrangement

The communication plan will involve the beneficiaries (effective and potential), the citizens, other partners and stakeholders, information bodies, opinion leaders and other members of the regional administration.

The main actions will be:

- a) Meetings and seminars and workshops

- b) Internet site and newsletter.
- c) Press releases and advertising (magazines and newspapers)
- d) Front office activities and local help desks
- e) Promotional literature (brochures, flyers, posters, CD etc.)
- f) Common logos and slogans, billboards and plaques.

The results of the information activities will be evaluated by interviews, questionnaires, and indicators.

9. PARTNERSHIP ACCORDING TO ART. 6 OF REGULATION NO. 1698/2005

The consultation process began at the beginning of 2006, with the sending of information to the stakeholders. A series of meetings have been held between February 2007 and June 2007. The results of the meetings and the observations of the stakeholders have been taken into account for the drawn-up of the programme.

10. EQUALITY BETWEEN MEN AND WOMEN AND NON DISCRIMINATION

The equality between men and women will be taken into account in the elaboration and in the implementation of the programme. During the implementation phase, the issue will be considered in relation to the following aspects: selection criteria and specific technical assistance. In the monitoring and evaluation, the gender issue will be taken into account. The non discrimination principle will be also taken into account.

11. DESCRIPTION OF TECHNICAL ASSISTANCE OPERATIONS

Technical assistance finances the following operations: a) support to the managing and control, b) support to monitoring; d) support to evaluation; e) support to information activities. The National Rural Network is an independent programme