

WORKING DOCUMENT

Member State/Region Italy / Basilicata
Subject: Rural Development Programme 2007-2013 for Basilicata (Italy)

Description of the rural development programme

1. TITLE OF RURAL DEVELOPMENT PROGRAMME

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

2. MEMBER STATE AND ADMINISTRATIVE REGION

The plan covers the entire territory of the Region Basilicata (NUTS 2). The region is in a process of phasing out "convergence".

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*

The Region of Basilicata has a total surface area of 9,994, 61 km² and a population of app. 594.086 inhabitants. Population density is low, 59 inhabitants per km². Basilicata ranks second last with the lowest population in Italy. One can clearly anticipate that the region is *(i) very rural* with clear problems of *(ii) depopulation, lack of job opportunities* and *(iii) ageing of the population*. The territory is characterized by mountainous areas, agricultural land, forests and small coastal areas which are situated along the Ionian Sea.

Rurality: According to the NSP for Italy, the whole territory of Basilicata is classified as Rural. **Rural areas** have been identified according to the methodology set up in the Italian National Strategy. Two types of Rural Areas have been classified for Basilicata;

- a) **Type B** (Rural Areas with Intensive Specialized Agriculture)
- b) **Type D** (Rural Areas with problematic aspects related to development). No Rural Areas of **Type C** (Intermediate Rural Areas) have been identified. Type D Rural areas is further subdivided in two categories; **Type D1**

(Agricultural land with advanced organizational systems) and **Type D2** (Land Area constituting of Hills and Mountains).

Type B: Rural Areas have in total a surface of 763 km² and a population of app. 70,000 inhabitants (92 inhabitants/ km²); that means B rural areas cover 7.6% of the regional territory and 11.9% of the regional population live here

Type D: Rural Areas cover a surface of 9,231 km² with a population of 540.000 inhabitants (56.7 inhabitants/km²). That means D rural area covers 92.4% of the regional territory and 88.1% of the regional population live here.

Population is slightly decreasing due to depopulation of young people from rural areas (600.064 inhabitants in 1971 and 594.086 inhabitants in 2005; Variation of - 1.5%). The ageing index is therefore increasing.

The economic development for Basilicata for Year 2003, expressed in **GDP** (purchasing power standards per capita) is 75% (average 2000-2002 is 77.5) as compared to Italy is 107,9%. The regional **employment** rate is (49.1%) which is lower than the Italian average (57, 5%). The **unemployment** rate (in relation to the working population) is 12.3% which is higher than the national average (7.7%). However, female participation has increased.

In 2004, the value added for agriculture is 6.2% of the total regional economy (higher than the national one 3% and the south of Italy 4.9%). ***Agriculture is therefore a relatively important component of the economy.*** The gross value added of the secondary and tertiary sector is mostly on textile and the wood industry. There has been a slight increase in the secondary and tertiary sector over the period 2000-2005.

Performance of the agricultural, forestry and food sectors

Agriculture in Basilicata:

Total agricultural area is 702,000 Ha while **Utilized Agricultural Area (UAA)** is 553,886 Ha. Agricultural Land is the largest land use of the whole territory (58 %), Forests (29 %), Natural Areas (12%) and artificial areas (1.4%). During the period 1990-2000, there has been a reduction of app 2000 Ha in utilized agricultural land and a reduction of app 600 Ha of forestry areas. Mountain areas are more prone of this reduction of land because during this period there has been a 20% decrease of UAA.

The number of **Regional farms** is about 74,510. **Labour productivity** in agriculture, which is expressed in Gross Value Added (GVA) per annual work unit (AWU) is €19.600 and is quite similar to the national average (€21.600).

The main features concerning **human capital** in Basilicata which is expressed as the ratio between percentages of farmers less than 35 years old and percentage of farmers of 55 years old or more is 5.12 % (which is similar to the national average, 6.03 %).

A) Agricultural Land Use

The *average size of a holding is 7.4 Ha* (which is higher than the national one, 6.7 Ha). There has been an increase of the average size of the holdings in 2000 the average size of the holding was 6.6 Ha. This denotes that during 2000-2006, there has been an enhanced structural change. Despite this increase in the average size of the holdings, still 72% of the holdings have less than 5 Ha of Agricultural land.

Most of the holdings app. 89%, are owned by the farmers, 2% are rented and 9% have a shared ownership. 93% of the holdings are farmers and family workers that work the land. Most of the holdings i.e. 96.2% are medium sized enterprises which are equal to "micro-enterprises".

Needs to address Agriculture

- To maintain the population in rural areas stable, therefore reducing depopulation.
- The promotion of young people and women.
- The improvement of generation renewal and to strengthen entrepreneurship capacity.

Agriculture Land Use is divided into three sections;

i) Arable Land: is the major land use equivalent to 62% of the UAA (343,410 Ha), which is higher than Italy (55.5 %) and EU 25, (50.8%). During 1990 -2000, there has been a reduction of agricultural arable land of app. 50,000 Ha. The important sectors are vegetable crops, potatoes, cereals, floriculture and forage crops.

ii) Permanent Pastures: cover 27.2% of the UAA (150,657 Ha).

iii) Permanent crops: cover 10.5% of the UAA (50,265 Ha). There has been an increase in agricultural land dedicated to vineyards, olive groves, and fruit trees. The region is also known for known **Quality products** production is significant; in particular organic farming is undertaken on 12% of the total agriculture **area**.

B) Animal Husbandry

Farms dealing with livestock production are app. 20,306 (Year 2000), however since the last census there has been a reduction of 29.2 %. Livestock units have also decreased from 667,000 to 599,000. Bovine and ovine livestock units are declining, but the pig head is increasing. This has determined an increase in medium sized enterprises.

Quality products are also an important aspect in the animal husbandry sector, and there are about 5,360 holdings covering 115,230 Ha of land producing organic products. In year 2005, the region had a deficit in the agri-food sector of 36.5 million Euro (20.8 million Euro for the primary sector).

C) Forestry

Land area covered by forests is 355.324 hectares (35% of the regional territory), but there has been a reduction of 21 % (1990-2000). However, during 2000-2006 there has been an increase of app. 1.67% of forestry surface. 60% of the forests are found within the commune of Potenza and 66% of the forests are public. 81% of the wood industry is targeted into firewood production and the rest is wood industry (mostly around Potenza region). ***Forestry has multi-functional roles in Basilicata such as (i) renewable energy, (ii) carbon sequestration, (ii) water cycle and (iv) primary production of wood.***

D) The Agri-Food sector

The agri-food chain ranges from fruit and vegetable, cereals, olive, vines (wine), milk, meat, mushrooms, honey, floriculture and forestry. There are some specific products of the region like pecorino. Regional added value in agri-food sector is 2.5% of the total regional added industry added value. Labour productivity is lower than the national average (31,900 Euros vs. 52,000 Euros). The agri-food sector employs approx. 4,600 workers. The labour productivity in the agri-food sector in Basilicata is expressed as 31.9 (Thousands euro per people employed). Despite structural problems, there has been an increase in entrepreneurs which are investing in food industry. During the past years, there have been a development of two regions of agri-industrial importance – "Vulture" and "Metapontino".

In Basilicata, there are also logistical problems since infrastructure is very limited and therefore this deficiency in infrastructure renders the agri-food chain at a disadvantage. There is a good description of the agri-food chain in the programme and a description is taken into account in which type of rural areas the different food chains are found and what type of investments is needed, therefore making a good link with Axis 1 measures.

On the basis of the analysis, the region has identified needs which are common for most of the agri-food sectors;

- Conversion of production methods and change in varieties without an increase of cultivated land.
- Non intensive cultural production practices to reduce production costs and to reduce negative impacts on the environment.
- The use of alternative energy methods such as the reuse of waste products in energy production.
- The use of new technology and information and communication.
- Modernization and adjustment in technology especially in machinery, in particular reference to logistical problems, cold store supply, improvement in air cooling systems and manufacturing.
- Certification and traceability in the food chain in order to improve the quality of the product.

- Acquisition of hardware and software in order to improve technology and information and communication.
- The utilization of cultural techniques and new innovative practices that reduce the resources of the productive input.
- Promote integration inside the production chain.
- Encourage concentration of product supply to reach critical mass.
- To promote innovation.
- To implement farm services.
- To enhance entrepreneurship and generation renewal.
- To improve the quality of the production.

Environment and land management

Less Favoured areas: Most of the region (93.48%) is classified as **Less Favoured areas**. 44.4% less favoured areas in mountains, 42.73% intermediate and 6.35% with specific handicaps. In Basilicata, mountains and hills cover 90% of the whole territory (according to Directive 75/268). Most communes and villages in mountainous regions suffer from lack of infrastructure and services which renders the abandon of land at a greater risk. Due to this fact, there are soil erosion problems. In 2000, LFA cover app 191,741 Ha. During the period of 1990-2000, there has been a 19% reduction of UAA in mountain areas. This shows that mountain areas are at a greater risk of land abandonment and hence marginalization.

Habitats: The region has diverse habitats ranging from forests, mountains (Appenines), lakes, hills, agricultural areas and the coast. The flora and fauna is rich, diverse and also certain species are found in specific habitats like for e.g. a dead volcano. Due to the high biodiversity and habitat heritage, in year 1994, the region has established several parks and natural reserves.

Biodiversity in agriculture ranges from cereals, leguminous plants and also in the livestock sector such as ovines and goats.

The total protected area is 224.049 Ha (22.42% of the total land area). **Natura 2000 sites** to implement the **Birds and Habitats Directive** covers 206.400 Ha (20.6% of the land area). SAC cover approximately 48 sites covering 53,015 Ha (5.3 of the total surface) and 13 sites cover SPA covering 153.396 (15.3% of the total surface). UAA in SIC areas cover 40% of the surface while ZPS cover 31%. ***Management plans will be finalized by December 2008.***

Water: Agricultural areas in Basilicata have access to numerous rivers and 7.2 % of the UAA is irrigated. Projects related to the quality of surface, ground, fresh and marine water have been carried during 2000-2004. Agriculture does not have a great impact on the quality of soil and water. ***Basilicata has the lowest levels of***

nitrates and phosphates in Italy (0.43 ppm), indicating that it is a region entirely rural.

Nitrate vulnerable zones (NVZs) have been identified and the region is implementing the **Nitrates Directive**. NVZs occupy 11% of the total agricultural area and are located in the B rural area. In 2006, a new **action programme** has been adopted by the region dealing with the recognition of vulnerable areas negatively affected by pollution from nitrates as a result from agricultural sources. The programme indicates a map identifying nitrate vulnerable areas.

Soil: Despite the fact that agricultural areas have access to water, the region is also experiencing *desertification*. Infact, it is one of the regions in Italy with the highest risk of this phenomenon. This is due to the fact that due to modernization of the agricultural sector, the lack of management of forest areas, abandonment of agricultural land leading to salinisation and desertification, intensive agriculture (which has increased in the past years) and soil erosion. Another important factor of desertification is that most of the region is mountainous. The application of herbicides, fungicides and insecticides has been reduced by 25.9% from year 1997-2005. The use of artificial fertilizers (nitrates, phosphates and potassium) has been reduced over the period 1997-2005.

Air quality: Basic quantitative estimates of nitrogen dioxide (NO₂), emissions, particulate matter (PM 10), benzene (C₆H₆), Sulphur Dioxide (SO₂) and Ozone (O₃) have been described. Levels of NO₂ and SO₂, in years 2003-2004 have seen some improvements reaching the desired objectives, while the levels of PM10 and C₆H₆ have been stable. Methane levels have reduced over the period 1994/2000. Ammonia levels have increased over the period 1990/2000, however the percentage contribution to the national one is 1.5% (therefore very limited). Despite the fact that there is an intensive livestock production in certain parts of the territory, production is declining over the past decade. Carbon dioxide emissions from agricultural activities have increased over the past decade.

Renewable energy (measured in GWh) from agriculture and forestry is 29.6 % out of the total energy production.

Organic farming has experienced a negative trend (151.552 Ha in year 1998 to 115.230 Ha in year 2005) due to problems related to the certification of organic products.

Animal welfare: It has will be addressed in Axis 2, that animal welfare will be an important issue. There are some farms in remote rural areas that need to be more innovative in their practice in order to comply with Community Standards. The managing authority is already aware of this problem and studies are being taken into account in order to help these farmers adapt to new technologies.

Forests: Forest fires are decreasing in trend. Every year there are 220 forest fires which cover around 2018 Ha. Most of the territory has been classified as high elevated risk for forest fires. The environment department within the managing authority is in charge of forest fires and it is implementing the forest fire action programme. New methods such as software in order to detect the initiation of forest is being implemented. Afforestation projects have been carried out with non-

autochthonous species such as conifers (to replace burnt land), however, new forests will be planted with indigenous plant species such as Mediterranean pines. .

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

- Diffusion of environmentally friendly practices in areas with major water problems and in areas having nitrates related problems.
- The promotion of the role in agriculture targeting agricultural biodiversity and conservation of the landscape.
- To support agricultural investment targeting the improvement of the holding in order to adjust to the required environmental norms.
- Conservation of the forestry areas.

Rural economy and quality of life

As mentioned before Basilicata was classified as Type B and D, therefore making the whole territory predominately rural. Ageing is more predominant in rural areas type D1 and D2 and youth population is decreasing. There are around 36% of the enterprises (mainly the textile and wood industry) which have been affected by changes in the international market.

The selling of food products is declining due to the limited distribution. The primary sector is only 4.4% of the GVA while the secondary sector is 28.4% and the tertiary sector is 67.5%. The primary sector is mostly the agricultural sector.

Infrastructure in Basilicata is weak, and even weaker in certain Type D 2 rural areas. Also transport infrastructure is very weak and this renders services in rural areas at a disadvantage. Rural areas (especially those in mountainous areas) do not have easy access to online services. Communes which have populations less than 5,000 inhabitants lack access to basic services and the situation worsens in communes having less than 2,000 inhabitants. Type B rural areas do not benefit from Leader programmes, especially coastal regions.

The analysis took into account the rural economy and quality of life in rural areas type B and D1 and D2.

Agri-tourism is becoming more popular and there has been an increase from 1998-2004, (253 units in the whole territory). Leader has also increased the number of bed, especially in Rural Area type B. The percentage of adults participating in courses/training is less than 6% and less than the European average.

On the basis of the analysis, the region has found to axis 3: However, in the programme needs addressed to the different types of rural areas and the intervention of the different funds has been addressed. Worthwhile mentioning that the Regional fund will be in charge to improve the weak infrastructure found in the region.

These are the following intervention needs for type B, D1 and D2 Rural Areas

- To enhance the supply of services for the whole population and to enhance the rural economy.
- To sustain multi-functionality.
- Diffusion of targeted actions to market the territory.
- Supply chains to have major internal integration.
- To valorise the landscape, the historical, cultural and gastronomic heritage.
- To implement the quality of quality products.

Leader

The supported LAGs are 8. The Leader areas covered is 8.877 Km² (89 % of the regional surface), with a population of 423,290 inhabitants (68.6% of the regional population).

3.2. Strategy chosen

A) The objectives of Axis 1 coincide to that of the NSP. The main objectives are

- 1) Promotion of modernization and innovation in agricultural holdings and integration in the food chain sector.
- 2) To enhance the entrepreneurial capacities of the agricultural and forestry workers and to enhance generation renewal.
- 3) To consolidate and enhance quality with respect to agriculture and the agri-food industry.
- 4) To improve physical and information technology infrastructures.

The measures that will be implemented to target the abovementioned objectives are grouped as follows;

- a) Measures aimed at promoting knowledge and improving human potential (111, 112 and 114).**
- b) Measures aimed at restructuring and developing the physical potential and promoting innovation (121, 122, 123, 124 and 125).**
- c) Measures aiming at improving the quality of agricultural productions/products (132 and 133).**

The financial weight of Axis 1 is 28.7 % (comprising Leader measures).

B) The main objectives of Axis 2 are

- 1) Reduction of greenhouse gases.
- 2) Conservation, protection and safeguarding the rural territory.
- 3) Conservation of the biodiversity and the protection of agricultural/forestry areas which have a high environmental value.
- 4) The protection of water resources (both quality and quantity).

The measures that should be implemented to target the above mentioned objectives are grouped as follows;

a) Improving the environment and the countryside through encouraging the retention of agricultural activity and promotion of environmental friendly production methods in line with rural heritage. (Measures 211, 214 and 216).

b) To promote sustainable forestry (Measures 221, 223, 226 and 227).

The financial weight of the axis is 56.6% (comprising Leader measures).

C) The objectives of Axis 3 are

- 1) To maintain and create employment /income in rural areas.
- 2) To enhance/improve attractiveness for rural population and enterprises in rural areas. The key actions that should be implemented to pursue these aims are:

(1) To support the diversification into non agricultural activities, to maintain and develop local micro-enterprises and activities related to rural tourism (measures 311, 312 and 313).

(2) To provide adequate services to the local population and economy, to realise/modernise local infrastructures, to protect and valorise local environmental/historical/cultural resources and the drawing up of Natura 2000 management plans (measures 321 and 323).

(3) To ensure adequate training and information activities in the relation to Axis 3 objectives

The financial weight of the axis 3 is 14.7% (comprising Leader measures).

3.3. Ex-ante evaluation

The Ex-ante evaluation has been carried out by "Nucleo Regionale di Valutazione e Verifica degli investimenti Pubblici (NRVVIP)". According to the evaluators, the programme's strategy is coherent with the needs of intervention as they result from the SWOT analysis. The Community priorities and the National strategy have also been taken into account. The programme will have a positive effect on the rural territory protection and bio-energy production.

However, the evaluators have their concerns on the effect on the economic growth and the biodiversity loss. The evaluators have also identified that Axis 3 is an extremely important axis for job creation in the region.

The evaluators have also pointed out that some difficulty was encountered with respect to the objective, context and impact indicators.

The **SEA** which was carried out by the working group (Task force Ministero dell'Ambiente della tutela del Territorio del Mare) has analysed the programme's effect on the environment.

The 7 Common Impact Indicators:

The following seven indicators will have the following effect on the whole territory.

Indicator	Measurement/unit	Target
1) Economic growth	Net added value (EUR Million in PPS): Agrifood and forestry sectors	+1.020.000 + 336.000
2) Employment creation	Net jobs created: Agriculture and forestry Agrifood sector	+19.500 +4.700 +530
3) Labour productivity	Change in gross added value per labour unit in full time equivalent (EUR)	30% in agriculture and 70% in the agri-food chain.
4) Reversing biodiversity decline	Change of biodiversity trend (N.I 2000 = 100).	82
5) Preserving agricultural and forestry land with high natural value	Change in area of high nature area (% of the total surface).	14.3%
6) Improvement of water quality	Change in nutrient balance (N) Pesticides use	-77% -18%
7) Mitigating climate change	Increase in energy production from renewable energies (GWH)	+4

4.4. Impact from the previous programming period

Basilicata had three programmes in the 2000-2006 period since it is an objective 1 region.

- The public expenditure for the **Regional Operational Programme for EAGGF** was that of 458 million € (302 million €EAGGF).
- For the **Rural Development Plan** the allocation was 2000-2006 had a budget of 244.34 million €with a European community contribution of 183.2 million €
- **Leader**, there were 8 LAGS with a total budget of 30,275 million € (75% amounts of which are public expenditure and 25% of private expenditure).

For the 2007-2013 programming period, the main elements and problems encountered in order to achieve a more effective and a better implementation of the programmes are;

- a) **An improved management and organization of the managing authority for an effective implementation of the programme.**
- b) **Since the evaluators found it difficult to analyse the programmes due to the lack of monitoring indicators it was difficult to arrive to certain recommendations.**
- c) **Annual reports and the Mid-term Evaluations do not take into account the result indicators.**

4. AXES AND MEASURES

Information on the axis and measures have been taken into account at the beginning of this chapter and the progress of the programme is enhanced by the completion of all common impact indicators as indicated in the CMEF and in some cases *additional specific indicators* have been included in the programme.

Targeting on the sectors and rural areas concerned have been included inside the measures. Axis 1 interventions are targeting the sectoral productions needs in relation to structural and territorial weaknesses identified in the analysis. Axis 2 is targeting specific areas (SIC, SPS, NVZs) and other areas where environmental needs have been identified (erosion). Axis 3 interventions will be prioritized in rural areas type D1 and type D addressing their needs and having a link to the initial strategy.

4 measures have **ongoing/contracts** from the previous period which are included in table as found in the programme in accordance with paragraph 5.2.1 of Reg.1974/2006. These pluri-annual measures which are included in the table are “Early retirement”, “Agri-environment” from RDP 2000-2006 and Agri-environment measures (old regime) –Set Aside from Reg. 2078/92 and Forestry measures (old regime) – Afforestation/Imboschimenti from Reg. 2080/92.

As regards **cross-compliance**, the measures which will be respecting these conditions are measures 211, 214 and measure 221. Demarcation with the first pillar is taken into account. Exemption regime according to provision in Article

5(6) of Reg.1698/2005 is sought in the fruit&vegetable, olive-oil, wine, and apiculture sectors. Consistency and plausibility of the calculations related to agri-environment has been carried out by the National Institute of Agriculture. A detailed description of how the region will use Interest Rate Subsidies and Guarantee fund is provided.

AXIS I

4.1. Measure 111 (vocational training and information actions)

Objectives: The measure aims to promote professional skills and qualification of agricultural and forestry workers.

Actions: a): **training** will cover the following topics: environmental protection, quality, organic farming, fertilizers, food safety, workplace safety, ICT training, territorial marketing; Interventions: training courses , b): **information** regarding research result and innovation, renewable energy and environmental friendly techniques and issues related to desertification, know-how of good practice, ICT, new products and technologies.

Beneficiaries: Training): Farmers and foresters and young farmers and professional in agriculture (IAP); information) Region Basilicata and tenders to public and private bodies.

Measure targeting: All the regional territory.

Aid intensity: Training interventions will be having 90% aid rate; information interventions will be having 100% aid rate.

Financing: 7.80 million € (4.49 million €EAFRD).

Indicators: 1.000 participants and 30,000 training days. 700 participants which will successfully finish their training in agriculture or forestry. Impact on Labour productivity is 2.8%.

Demarcation has been taken into account with the CAP (apiculture) and with the Regional and the Employment fund.

4.2. Measure 112 (Setting up of young farmers)

Objectives: The aim of the measure is to facilitate structural changes in the farming sector, promote rejuvenation in agriculture, improve farm structure, modernise farms managed by young farmers, boost economic efficiency of farming.

Definition of setting-up: to get responsibility of a farm (as a sole head of a holding or equivalent); to be recorded in the VAT book and enrolled in the local Chamber of Commerce (no more than 18 months before the decision for support has been taken), have business plan in place

Actions: single premium to setting-up young farmers implementing a business plan

Beneficiaries: Young farmers, who possess adequate skills /competence, present a business plan and are setting up for the first time as the head of the holding. A

young farmer has to be less than 40 years and has to be established as a farmer for the first time and must also have studies related to agriculture. All the conditions in Article 22 of Reg. 1698/05 will be met at the time of application for support.

A grace period of 36 months since setting up date will be allowed to comply with Community standards and since the date of the decision to support setting up to reach adequate skills/competence.

Business plan will also take into account the improvement of the economic performance and the environment and better production methods whilst respecting Community Standards. The criteria based on the evaluation of the business plan cover animal welfare, quality, innovation, diversification, the enhancement of sustainable environment, safety at work and the economic dimension of the investments.

Measure Applicable: All the regional territory

Aid intensity: payment ranging from €15.000 to €40.000 as a single premium to be modulated according to pre-defined criteria. Max €15.000 will be allowed to beneficiaries in order to have access to Interest Rate subsidies

Financing: 17.82 Million € (10.25 million €EAFRD).

Indicators: 300 setting-ups/€17,82 million of total investments (3.9% increase value added). The impact on economic growth is equivalent to 4.5 % and labour productivity is 6.5 %.

4.3. Measure 114 (Use of farm and forestry advisory services)

Objectives: The measure aims at promoting the participation of farmers and foresters in the advisory system, covering at least Cross compliance issues (GAEC and Compulsory conditions) and work safety. Main topics covered should be: sustainable farming and forestry, compatible to environmental protection, work safety, animal welfare, impact assessment (forestry). In addition, support will also be allowed to issues related to farms and forests management in order to increase competitiveness in the farming and forestry sectors.

Actions: The measure supports the use of advisory services, with regard to a) Consultancy dealing with Cross Compliance and work safety b) Consultancy on a) plus services on agriculture and forestry development and the improvement of the overall performance of the holdings.

Implementing conditions: advisory bodies will be selected by the Region on the basis of the following requirements: availability of qualified staff and administrative/technical facilities and advisory experience and reliability, no involvement in the management/control of the agricultural subsidies and selling of agricultural outputs. The list of the selected bodies will kept updated regularly by the region.

Beneficiaries: Farmers, young farmers (setting up for the first time) and forest holders.

Measure targeting: All the regional territory.

Aid intensity: 80% for a maximum amount of 1.500 Euro/advice.

Financing: 15.000 Meuro , (€8.625 million EAFRD)

Indicators: 9,800 farmers and 200 forestry holders. 3.9% increase value added. Impact on labour productivity is 6.9 %.

Demarcation has been taken into account with the first pillar. EAFRD will not finance training on olive oil, apiculture and Fruit and Vegetable.

4.4. Measure 121 (Modernisation of agricultural holdings)

Objectives: The measure aims to modernisations/improvement of productive sectors by, reducing production costs, guiding production in line with foreseeable market trends, improving qualitative standards, encouraging new outlets for agricultural products, improving production, handling & preparation of agricultural products, facilitating the adoption and application of new technologies, promoting; diversification (bio-energy), proper use of natural resources (water, soil), energy saving and energy production for own purposes.

Actions/investments: a) realisation and restructuring of on-farm premises intended for processing and marketing of agriculture products from the holding, b) realisation retail shops for the direct selling of products deriving from the holding, c) investments related to quality, d) investments in order to achieve know-how and internet related investment, e) purchase of new machinery and equipment (including hardware software for IT), f) investment related to water management and installation of trees, g) investment of a land purchase less then 10% of the total investment, h) investments in integrated agriculture and organic farming, i) investments to improve animal welfare and hygiene, j) investments targeting renewable energy, k) investments to comply with newly introduced Community standards (period of grace in case of young farmers), l) introducing short rotation forestry, m) investments related to manure, n) to apply the nitrates directive whereby investments have to be completed by the 9/07/2009. Intangible investments (licences, patents, software) foreseen within the eligible actions and directly linked to the investment, specifying the added value expected from the implementation of actions. Overhead costs: max. 20% of the total cost of the investment

Targeting: fruit and vegetable sector, cereals sector, olive sector, wine, milk, livestock, mushrooms, honey, flower and biomass. Strategic objectives and interventions within a productive sector are identified and prioritized in order to respond to sectoral weaknesses highlighted in the analysis. Strategic objectives and interventions are also prioritized at rural area level.

Beneficiaries: Farmers or farmers associations.

Measure targeting: All the regional territory type B, D1 and D2 rural areas.

Existing and newly introduced Community standards: max. 36-months (from the date the conditions became compulsory to farmers) derogations will be allowed to farmers to fulfil standards based on Directive 91/676/EC. Derogations will be allowed to young farmers for existing EU standards too.

Aid intensity will be 50% in mountain areas and 40% in other areas (+10% in case of young farmers).

Financing: 44.5 millions € (25.62 millions €EAFRD)

Indicators: 400 farm holdings supported and 89.11 million € of total investment. 3.9% increase in the value added in the holdings. Impact on labour productivity is 32.7 % and economic growth 22.4%. Programme specific indicators have been carried out for renewable energy, quality and water saving.

Demarcation has been taken into account with the 1st pillar regarding milk; fruit and vegetables, wine and olive oil. Demarcation with the other funds has been taken into account. EAFRD will fund investments producing renewable energy up to the 1 MW.

4.5. Measure 122 (Improvement of the economic value of forests)

Objectives: The measure aims at increasing the productivity and the economic value of forests, even in relation to energy production, by enhancing the production of wood, introducing innovation in wood processing and trading, improving forest management and equipment to be used by forest owners to work wood in the forest.

Actions: improving forests structures and productivity

Types of investments: tangible investments: 1): enhance quality of wood by changing coppice forests towards timber forests; 2): thinning; 3): creation /improvement of forest roads. Intangible investments: Overhead costs: max 20% of the total cost of the investment (certification of forestry management certification (FSC, PEFC if linked to a specific investments), acquisition of know-how, software. If forests fall within Natura2000, they must first respect the requirement of the Natura2000 in order to benefit from the measure. The minimum size for the area of the forest will be 5 ha. Forests above 100 Ha, must have a forest management plan in place.

Beneficiaries: Private forestry owner; forestry holders who are using forests owned by privates or communes.

Measure targeting: Type D1 and D2 rural areas and type B in the Metapontino region.

Aid intensity will be 50% (60% in LFA and Natura2000 areas). The support will be in conformity with " *De minimis*" rule according to Reg. 1998/2006

Financing: 10.02 million € (5.76 million €EAFRD).

Indicators: 50 Forest holdings and 50 holdings targeting quality. 20.05 millions € of total investments. Result indicator is 3.9%. Impact on the labour productivity is 7.4% and economic growth 5%. Program specific indicators have been included such as; 40,000 Ha of forest surface will be covered by management plans. 50 % of the investments will be targeting forestry while 20% will be targeting quality.

4.6. Measure 123 (Adding value to agricultural and forestry products)

Objectives: *Agricultural sector:* the measure aims at increasing added value of agricultural products by means of investments intended to rationalize and improve the processing and marketing conditions as well as to improve quality, to reduce negative environmental impacts, to introduce innovation and utilization of renewable energy and to fulfil environmental, hygiene and safety standards. *Forestry sector:* the measure aims at increasing added value of forestry products by means of investments in favour to modernisation and output diversification, better integration of production chain, encouraging utilisation of wood for energy production, innovation.

Actions: improvement of processing and marketing of agricultural and forestry products.

Investments: *Agricultural sector:* tangible investments like construction, acquisition, restructuring and modernization of structures for processing, marketing and conservation of products; acquisition of technological innovations; equipment/machines, including computer equipment and software; facilities for the energy production intended for the needs of the enterprise; creation of retailing (direct selling) facilities; trading development of the products; intangible investments (within 20% of the total investment) like preparatory actions implement certification systems (certification costs are excluded); acquisition of know-how, patents and licenses; *Forestry sector:* creation and modernization of the structures and equipment for the collection and first processing of wood and biomass, intangible investments directly linked to the investments (within 20% of the total investment).

Targeted productive sectors: *Agricultural sectors:* fruit and vegetable, cereal, olive oil, wine, milk, livestock, mushrooms; honey and floriculture. Strategic objectives and interventions have been prioritized at rural area level. *Forestry sector:* first processing of wood. The use of wood as raw material is limited to working operations prior to industrial processing

Actions: The measure is divided in two sub- measures: **Sub-Measure 123a** will deal with agricultural and agri-food sector; **Sub-Measure 123b** will deal with forestry. Improvement of the overall performance of the enterprise should be achieved and respect of the Community standards applicable to the investments concerned should be ensured.

Beneficiaries: *sub-measure 123a:* micro-enterprises, small and medium enterprises and intermediate enterprises with no more than 750 employees (or max. 200 millions € turnover/year) processing and marketing products of Annex I and non-Annex I of the Treaty; *sub-measure 123b:* forestry micro-enterprises.

Measure targetting: Agricultural and agri-food sector in B and D1 rural areas while the forestry sector D1 and D2 rural areas.

Aid intensity: 50%. The aid intensity for intermediate enterprises with less than 750 employees and max. 200 millions € turnover/year is halved

Financing: 32.51 million € (18.69 millions € EAFRD)

Indicators:

Sub-measure 123a) 48 holdings supported and 52.01 Million € of total investments, 23.9% labour productivity and 16.4% economic growth.

Sub-measure 123b) 12 holdings and 13.002 million € of investments 23.9% labour productivity and 16.4% economic growth. 3.9% increase in the value added in the holdings for both sub-measures.

Demarcation: Demarcation with the 1st pillar has been taken into account for Fruit and Vegetable, wine, Olive oil, Livestock, Milk and apiculture ; EAFRD will be the only fund that will intervene in supporting actions related to processing and marketing of agricultural products.

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

Objectives: The measure is aimed at the development of product/process technological innovation. This general objective should be pursued enhancing the cooperation between different subjects (producers, processors, research institutes). Operations should be targeted at the testing and introduction of new processes and products and innovative procedures in agriculture and forestry.

Actions: setting up of cooperation projects

Eligible costs: costs related to cooperation like technical and scientific equipment/machinery, patent acquisition, software, advisory services in order to device new products and new processes The sectors covered are the fruit and vegetable, cereals, olive oil, wine, milk, livestock, mushrooms, floriculture and forestry (wood). Priority will be given for innovation and for the improvement of the environment and water management amongst others.

Beneficiaries: associations including agricultural and forestry holdings, food enterprises, producer organisations, research institutes. Primary sectors are to be always included in the associations.

Measure targeting: All the regional territory.

Aid intensity: 70%.

Financing: 7.5 million € (4.32 Million €EAFRD).

Indicators: 5 cooperation initiatives supported. 30 farms which will introduce new products/new technology.

Demarcation: Demarcation with the regional fund has been taken into account. EAFRD will only finance the pre-commercial phase for new technology related to agriculture and forestry while the Regional Fund will focus on industrial research. Consistency with the 1st pillar was taken into account.

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

Objectives: The development and adaptation of infrastructure in agriculture and forestry.

Actions: action 1): water management; action 2): infrastructural investments to connect the holding to the main principle broadband source; action 3): to improve infrastructural investments related to electricity; 4) improvement of rural and forestry roads.

Investments: action 1): improvement of the water management (saving water oriented) system for irrigation proposes ; action 2): extension of the broadband connection main principle broadband network to rural holdings; action 3): improvement of the power distribution network to ensure permanent energy supply to rural holdings and complementing the interventions to be realized by Power - between agricultural/forestry holdings; action 4): rural roads improvement.

Beneficiaries: action 1 will be the Region Basilicata, "*consortia di bonifica*", communes public bodies and their associations; actions 2, 3 and 4 only local bodies and their associations.

Measure targetting: all the region; priority is given to D1 and D2 rural areas.

Aid intensity: actions 1, 3 and 4: 100%; action 2: 75%.

Financing: 17 million € (9.78 million €EAFRD).

Indicators: 106 initiatives supported and 21, 25 million € of total investments. 500 holdings which will be served by new physical and information technology infrastructure. 7.8% labour productivity and economic growth 5.3%.

4.9. Measure 132 (participation of farmers in food quality schemes)

Objectives: To promote the participation in food quality schemes, through the coverage of additional costs and obligations.

Actions: Annual incentive, to cover the fixed costs arising from participation in the scheme (up to 3.000 Euro annually per farm, for a period of five years). The actions cover control systems, certification and analysis.

Conditions for admissibility: Those products falling under Reg. 510/2006, 1493/1999, 2092/1991:

Regulation 510/2006: Marchio DOP: Caciocavallo Siliano, Olio del Vulture, Pecorino di Filiano; Marchio IGP: Fagioli di Sarconi and Peperone di Senise.

Regulation 1493/99: DOC are Aglianico del Vulture, Terre dell' Alta Val D'Agri and Matera.

Regulation 2092/1991: organic products.

Regional food quality schemes (Article 22(2) of Reg.1974/2006: IGT (2 wines)

Beneficiaries: Farmers who participate in the above mentioned quality systems.

Eligible costs: fixed costs deriving from the participation to the quality schemes

Supervision procedures of the officially recognised quality systems is described in the program.

Aid Intensity: 70%; max. 3.000€/year for 5 yrs.

Financing: 14 million € (8.05 million €EAFRD).

Measure targetting: All the regional territory.

Indicators: 400 agricultural holdings supported. 3.4 million € in the increased value of agricultural production under the recognised quality scheme. Impact on Labour productivity is 5.1% and the economic growth is 3.5%.

4.10. Measure 133 (Information and promotion activities)

Objectives: To inform consumers and market operators about the existence and the characteristics of quality products.

Actions: a): participation in fairs and exhibitions; b): information/promotion programs (even in relation to technological and scientific knowledge) making also use of innovative communication technologies (ITC). The actions will be in synergy with measure 132. Actions which are under regulation 2826/2000 cannot be covered by this measure.

Beneficiaries: Producer groups, cooperatives and consortium participating in a quality scheme mentioned under measure 132.

Financing: 5.35 million € (3.07 million €EAFRD)

Aid intensity: up to 70%.

Indicators: 16 actions and 3.9 millions €value of agricultural production under the recognised quality schemes. Impact on labour productivity is 2.8% and economic growth 1.9%.

Measure applicable: All the regional territory.

Demarcation: Consistency with the 1st pillar has been taken into account including conditions in Reg. 2826/2000.

AXIS 2

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

Objectives: The aim of the measure is to improve environmental conditions and maintain sustainable farming disadvantaged areas other than mountainous to avoid land abandonment and ensure viability to farmers.

Actions: Payments will be granted to farmers and farms associations and the payments mentioned here will be eligible till the 31st of December, 2009. Payments are modulated from €200 to €50 according to the farm size.

Requirements: farmers must undertake farming in LFA for min. 5 years from 1st payment, farming min. 2ha, complying with cross-compliance.

Beneficiaries: agricultural holdings.

Measure targeting: All the regional areas classified as mountainous (according to Directive 75/268/CEE).

Financing: 17.99 million € (10.35 million €EAFRD).

Indicators: 35,000 Ha of agricultural land will be covered by this measure and the number of farms around 7,000. Result indicators of approximately 65,402 which cover biodiversity, climate change, quality of the territory and prevention of marginalization and abandonment of agricultural land. Impact on the biodiversity decline is 5.9% and maintenance of agricultural land and forestry of HNV 4.8%.

4.12. Measure 214 (Agri-environment payments)

Objectives: The general aim of the measure is to support sustainable development and to respond to the increasing demand for environmental standards. The measure intends to contribute to the sustainable development of the rural areas, to answer the requests in terms of environmental services by the farmers, improve water and soil quality, introduce and maintain of agricultural systems of production compatible with the safeguard of the environment. The measure is divided into 5 different actions:

- 1-Integrated agriculture
- 2-Organic farming
- 3- Maintenance of local plants varieties under genetic erosion threat
- 4- Conservation of environment/landscape elements
- 5- Biodiversity

Action 1: Integrated production :

Integrated production consists of supporting low environmental impact agricultural methods in a variety of vegetable crops. *Expected environmental advantages*

deriving from implementation of the measure are: the improvement of quality of soil, the increase of quality of surface and underground water, biodiversity. *Commitments*: input reduction (at least 30% reduction compared to the ordinary input administration in "normal" agricultural methods), and all other' obligations imposed by the "Integrated production rules" defined by the national authorities (soil management, irrigation, plant diseases prevention). *Aid intensity*: annual support (for a period of 5 years) varies according to type of crops and rural areas. *Target areas*; the action is targeted to rural B and D1 rural areas, NVZs). Premia paid are indicated in the table below:

Cereals	Fodder	Vegetables	Olive	Grape	Fruit
€100	€100	€330	€180	€350	€300

Action 2: Organic farming:

Organic farming provides a support for farmers who convert/maintain their holding to organic farming. *Commitments*: farmer must convert/maintain the entire UAA to organic farming according to Reg. (EEC) 2092/91. *Expected environmental advantages* deriving from implementation of low-impact agricultural methods are the improvement of quality of soil, improvement of biodiversity, preservation of traditional agricultural methods, increased quality of surface and underground water. *Target areas*: This action is targeted towards rural areas type B (intensive agriculture, Natura2000, NVZs, areas under threat of erosion, desertification). *Aid intensity*: annual support (for a period of 5 years) varies according to type of crops and type of rural areas, as indicated in the table below:

Establishment premia

Cereals	Fodder	Olive	Grape	Fruit	Vegetables
€180	€100	€550	€500	€510	€380

Maintenance premia

Cereals	Fodder	Olive	Grape	Fruit	Vegetables
€160	€80	€490	€450	€460	€340

Action 3: – Maintenance of local plants varieties under genetic erosion threat

The action provides for a support for the conservation of some local endangered plant species/vegetation. Cultivation are carried out according to integrate and organic farming *Aid intensity*: a) Olive: 210 Euros/Ha; b) fruits: 440 Euros/Ha; c) Cereals: 140Euros/Ha; d) Open field vegetables species: 350 Euros/Ha. *Target areas*: Actions are targeting D1 and D2 rural areas.

Action 4): Conservation of environment/landscape elements

Conservation of environment/landscape elements aims at a) compensating for income losses due maintenance/creation some landscape elements like hedgerows/trees. *Expected environmental advantages* are the improvement of landscape, biodiversity. The *commitment* provides for maintenance of such special landscape features for 7 years; b) creating buffer zones. The *commitment* is five years duration; c): creating/maintaining areas intended to raise crops (to be left on the fields) for feeding wild animals aims to maintain/improve biodiversity. The *commitment* is five years duration. *Aid intensity*: Valleys: 286 Euros/Ha; Hills: 212 Euros/Ha Mountains: 103 Euros/Ha for a), b) and c) commitments. *Target areas*: SAC and SPA according to Reg. 79/409 and 92/43 and to the nitrates directive

Action 5): Biodiversity

Biodiversity aims at enhancing protection of endangered varieties by conservation of genetic material (gene bank). *Aid intensity*: 80% up to a maximum of 150,000 per project.

Beneficiaries: Farmers and land managers.

Financing: 209, 73 million € (120.59 million €EAFRD).

Indicators: 9,500 holdings covering 411,000 Ha, 19.000 environmental contracts and 2 operations for the conservation of genetic resources. The positive impact will be on biodiversity, quality of water, climate change, quality of the territory and prevention of marginalization and abandonment of agricultural land.

Impact on Reversal of Biodiversity is 67,1%, Maintenance of agricultural land and forestry 54,6%, Improvement of the quality of water 57.4% and Contribution to climate change 57.8%

4.13. Measure 216 (non productive investments)

Objectives: the measure aims to support non-remunerative investments, related to the protection of environment and landscape the conservation of water resources, protection of habitats and biodiversity.

Actions linked to agro-environmental commitments: a) creation of buffer areas/hedgerows/trees/ponds; **Actions linked to other environmental objectives**: b) vegetative buffer strips along water courses; **Actions intended to enhance the public amenity value of Natura2000 areas**: c) establishment of wet areas;

Investments: actions a): acquisition of trees and plantation, creation/improvement of hedgerows, ponds; action b): creation of buffer zones, acquisition of plants and other types of vegetation; action c): creation and/or improvement of wet areas, d): creation facilities to facilitate bird watching, pathways, picnic areas, signposts. Investments must be realized in the holding.

Beneficiaries: farmers

Aid intensity: 80% in mountain areas and in areas covered by Directive 79/409 and 92/43; 70% anywhere else.

Financing: 0.75 million € (0.43 million €EAFRD)

Indicators: The foreseen output will be: 30 supported actions, 1.07 million € of total investments covering 156.000 Ha of territory. Impact on Biodiversity is 0.4%, maintenance of agricultural land and forestry of high nature value 0.2%, Improvement of the water quality 0.3% and Climate change 0.3%.

Measure targeting: All the region with a priority for agricultural land located in Natura2000 sites. Action 3 will be implemented in Natura2000 only.

Demarcation has been carried out for LEADER as found in Axis 4 of the programme.

4.14. Measure 221 (First afforestation of agricultural land)

Objectives: The measure aims to increase area under forestry & contributes to climate change mitigation; diversification of farming activity by increasing the production of sustainable source of timber for energy, improve water quality, landscape improvement, increasing biodiversity and creating/improving natural environment, and protecting soil against erosion.

Actions: realization of mature forests mainly in areas under hydro geological threats, intensive farmed areas (B rural areas) and in Nitrate Vulnerable Zones. Support to first afforestation of agricultural land is given to permanent forest with environmental and/or protective purpose

Linkage with national programs: closely linked to national forest plan, regional forestry plan, EU forestry strategy and fire prevention programme.

Beneficiaries: Farmers and public bodies. Public bodies will receive only the contribution for establishment costs

Measure targeting: intensively farmed areas and NVZs.

Definition of farmer: farmer who obtains at least 50% (25% in disadvantaged areas) of his income and who dedicates at least 50% (25% in disadvantaged areas) of his time to the agricultural activity

Definition of agricultural land: arable land (cereals), vegetables, permanent crops, cultivated/used within 3 precedent years before aid application

Aid Intensity: Establishment costs are capped at 6.500 Euros per Hectare. Maintenance cost for the first 5 years will be 320 Euros/Ha. Loss of income for the first 10 years is 700 Euros/Ha and 150 Euros/Ha (other suggested private bodies).

Support to first establishment costs are 80% of eligible costs (of the eligible costs (including 12% overhead costs) in LFA and mountainous areas and areas falling under the directive 79/409 and 92/43 and 70% elsewhere.

Financing: 55 million € (31.63 million €EAFRD).

Indicators: About 365,000 Ha of land will be covered by this measure to prevent land abandonment. The expected outputs are 9,200 Ha of afforested land and 5,500 beneficiaries. Impact on Biodiversity is 25.7 %, maintenance of agricultural land and forests of high nature value 20.9%, improvement of the quality of water 22 % and climate change 22.2%.

Coherence with the Strategy for forests in Europe has been taken into account therefore making a link with the Goteborg and Lisbon Agenda.

4.15. Measure 223 (First afforestation of non-agricultural land)

Objectives: The measure is aiming to prevent any further degradation of certain area, improve water quality and environment/landscape, increasing biodiversity, creating/improving natural environment, and protecting soil against erosion, contributing to climate change mitigation.

Actions: a) plantation of permanent forests by using also Mediterranean trees, b) afforestation of land in order to enhance the natural environment

Linkage with national programs: closely linked to national forest plan and regional forestry plan and EU forestry strategy and fire prevention programme.

Beneficiaries: , legal persons having private rights and their associations.

Measure targeting: All the regional territory with a priority for a) areas under hydro geological threat , b) Water Basins with minimal forest cover (with a priority for aquifers of relevant regional interest), c) areas of relevant nature .

Aid Intensity: The aid intensity is as follows 80% of the eligible costs (including 12% overhead costs) in Less favoured areas or mountainous areas in sites covered by 79/409/CEE and 92/43/CEE and 70% in other areas. The implantation costs are capped at 6.500 €/ha; annual maintenance payment of 320 €/ha for the first five years will be paid for afforestation of abandoned land.

Financing: 1.7 million €(1 million €EAFRD).

Indicators: 586 number of beneficiaries covering 293 Ha of land. Areas under successful land management which cover biodiversity, quality of water, climate change and prevention from marginalization is 8,000 Ha. Impact on the HNV is 0.7%, quality of water 0.6% and contribution to climate change is 0.7%.

4.16. Measure 226 "Restoring forestry potential and introducing preventive actions"

Objectives: The aims of the measure are the restoration of forests damaged by fire and natural disasters and the implementation of preventive actions in forests. Biodiversity enhancement, the protection of the environment, the carbon cycle and the reduction of the hydro-geology and to fight against soil erosion will be achieved.

Actions: a) Restoration of forests damaged by natural disasters or fire and b) Investments to prevent forest fires (forest paths, tracks, water supply points, firebreaks). Preventive actions will be financed only in areas with medium/high risk of fire.

Linkage with national programs: closely linked to national forest plan and regional forestry plan and EU forestry strategy and fire prevention programme.

Beneficiaries: Public bodies (communes and their associations).

Measure targeting: Action a) will be applicable to forests destroyed by fires; action b) will target areas classified medium high risk of fire.

Aid Intensity: 100 % of the eligible costs

Financing: 62,99 million € (36.221 million €EAFRD).

Indicators: Preventive actions are 15.750 Ha of damaged area restored (110 actions). The total volume of investment is 62.994 million € 365.000 Ha under successful land management. Impact on the maintenance of the agricultural and forestry of high nature value is 17.8%, improvement of the quality of the water 17.6% and contribution to climate change 17.7%.

4.17. Measure 227 "Support for non productive investments"

Objectives: The measure aims at enhancing multifunctionality of forests by encouraging investment in forests for provision public goods and boosting the environmental benefits given by forests to the environment (biodiversity, soil protection, climate changes).

Actions: The measure is divided in two measures a) investments finalised to reach environmental objectives and b) Multifunctional valorisation of the forests.

Investments: action a): investment related to sylvi-culture in order to promote the creation of mature forests and to enhance their naturalistic value; action b): investments intended to valorise educational, recreational and naturalistic aspects of forests (realisation of pathways, tourist signs, picnic areas, sightseeing areas)

Beneficiaries: Public bodies (communes/municipalities), land managers in protected areas and private bodies.

Measure targeting: D Rural Areas

Aid Intensity: 80% in LFA and mountainous areas and areas falling under the directive 79/409 and 92/43 and 70% elsewhere.

Financing: 175 million € (1.00 million €EAFRD)

Indicators: 60 holding and 2.5 million € of total investments and 365.000 Ha under successful land management. Impact on the maintenance of the agricultural and forestry of high nature value is 0.7 %, improvement of the quality of the water 0.6% and contribution to climate change 0.7%.

AXIS 3

4.18. Measure 311 "Diversification into non-agricultural activities"

Objectives: The aim of the measure is to promote multifunctionality in agriculture, increase off-farm income and farm diversification towards non agricultural activities such as social activities, rural tourism, handcraft activities and energy supply.

Actions: a) investments in structures dedicated to agri-tourism, b) creation of didactic farms and multifunctional farms, c) investments for energy production from renewable resources (within 1 MW).

Interventions: action A): restoration/improvement of existing farm buildings to be used for accommodation; action B): investments for the realisation of educational and social activities (for elderly and disabled people) and handcraft activities; action C): investments on installation and equipment to produce energy from renewable sources (solar, wind, water); installation/equipment to produce biogas; investment on burner/heating equipment using biomass.

Beneficiaries: Farmer and his/her household members who exercise an agricultural activity in the farm.

Measure targeting: D rural Areas will be given priority.

Aid Intensity: 50% and the “*De minimis*” rule according to Reg. 1998/2006 will apply.

Financing: 36.29 million €(20.87 million € EAFRD).

Indicators: 150 beneficiaries and 72.6 million € of total investments. 8.5% Increase in non –agricultural GVA in supported businesses and 500 gross number of jobs created. Impact on economic growth is equal to 18.2% and creation of employment 47.5%.

Demarcation: Only EARDF will intervene for diversification in rural areas Renewable energy above 1Megawatt will be undertaken by the Regional Fund.

4.19. Measure 312 "Support for business creation and development"

Objectives: To support the creation and development of micro-enterprises related to the economic development of rural areas.

Actions: a) creation of new enterprise; b) improvement of existing enterprises.

Interventions: a) Purchase of premises for carrying out economic activities, , b) Purchase of machinery, c) Acquisition of systems and equipments, d) Modernization of machinery and systems based on technology, e) Structural interventions for refunctionalization, g) requalification and broadening the scope of the premises, h) small scale investments in enterprises specialising in energy production (within 1 MW), start-up costs (max €10.000 to be paid the first year only).

Beneficiaries: Micro-enterprises (Less than 10 people and having a turnover of less than 2 million €)

Measure targeting: D rural areas

Aid Intensity: 50 % and in accordance to the “*De minimis*” rule according to Reg. 1998/2006.

Financing: 3,24 million € (1,86 million €EAFRD).

Indicators: 16 enterprises supported and 150 new jobs created. 8.5% increase in non agricultural GVA in supported businesses. Impact on the economic growth is equal to 1.6% and employment creation of 4.2%.

Demarcation: the Regional Fund will not intervene in the same territory, for the same beneficiaries and type of interventions foreseen in this measure. There is no overlap with the Fisheries fund.

4.20. Measure 313 "Encouragement of tourism activities"

Objectives: the measure aims to maximise sustainable tourism potential of all rural areas through the realisation of necessary investments to valorise specific areas or local products as to attract tourists, of necessary infrastructure for reception and information of visitors and tourists, promotion and development of the countryside as a recreational resource for all.

Actions: a) small-scale infrastructure such as information centres and the signposting of tourist sites, b) creation of itineraries, touristic "roads" in order to facilitate the fruition by tourists of sites of natural, architectural, historical and artistic importance, c) the development and/or marketing of tourism services relating to rural tourism.

Beneficiaries: Bodies responsible for the valorisation/development of tourism activities, co-ops and associations in touristic sector, associations of communes and Mountain Communities

Measure targeting: D rural areas.

Aid intensity: 50% "*De minimis*" rule according to Reg.1998/2006

Financing: 5.83 million € (3.35 million €EAFRD).

Indicators: 20 new tourism actions supported with a 7.29 million € of total volume of investment. 15,000 increase in additional number of tourist visits. Impact on the economic growth is 1.8% and employment creation 4.8%.

Demarcation: Demarcation with the regional fund has been taken into account. EAFRD will only intervene on this type of interventions in limited areas of geographical scope as found in D rural areas

4.21. Measure 321 "Basic services for the economy and rural population"

Objectives: The supply of basic services to the rural economy and population.

Actions: a): support for the creation of essential basic services in rural areas (public transportation, b): small ITC infrastructures, ludotechs, etc.), c): support to energy production from renewable sources in less favoured and mountainous areas.

Measure targeting: D rural areas.

Beneficiaries: Communes, Mountain Communities, associations of communes.

Aid intensity: Action a): 90 % for the first year, 60% for the second year and 30 % for the third year. Action b and c): 70 % of the admissible expenditure. "*De minimis*" rule according to Reg. 1998/2006 is applied to the measure.

Financing: 11.66 million € (6.71 million €EAFRD).

Indicators: 50 enterprises supported and 14.58 million € of total investments. 10.000 inhabitants benefiting from improved services in rural areas with a 3% increase in Internet availability in rural areas. Impact on the economic growth of 3.7% and employment creation 9.5%.

Demarcation with the Regional fund has been taken into account with respect to renewable energy i.e. 1 Megawatt. The regional Fund will not finance , in D rural area, the same type of intervention

4.22. Measure 323 "Conservation and upgrading of the rural heritage"

Objectives: Conservation and enhancement of rural heritage.

Actions: Studies and investments (within max 20% of the total costs) associated with restoration and upgrading of the cultural heritage such as the cultural features of the rural landscape such as fountains, caves and investments for improvement of ancient building to be use for public fruition of cultural activities (museums, theatres, exhibition centres). All the interventions will be beneficial to the public.

Beneficiaries: Public or private bodies.

Aid Intensity: 70% and in accordance to the “*De minimis*” rule according to Reg.1998/2006.

Financing: 6.48 million € (3.73 million €EAFRD).

Indicators: 100 interventions with a total volume of investments of 8.10 million € of total investments. 15.000 visits by tourists. Impact on the economic growth is 2 % and employment creation 5.3%.

Measure targeting: D rural areas.

Demarcation: The regional fund will only intervene in urban areas.

4.23. Measure 331 "training and information"

Objectives: The measure is intended for supporting training and information activities for the diversification of rural economy.

Actions: training and information concerning the territory, social/economic activities, and environmental role played by the rural areas. .

Interventions: actions will cover training and information with respect to the preservation of the landscape, conservation and appreciation of the natural heritage, quality, animal welfare, touristic attractions, and animation of rural areas to reduce depopulation, biodiversity, waste, bio-energy and toxic emissions, diversification.

Beneficiaries: economic operators in the agricultural and forestry sectors involved in activities foreseen within Axis 3 measures.

Measure targeting: D rural areas.

Aid intensity: 90% of the eligible expenditure

Financing: 1.30 million € (0.75 million €EAFRD).

Indicators: 170 persons participating in 3.400 days of training. 120 persons who have successfully ended a training activity.

Demarcation: The FSE will support the same type of intervention.

AXIS 4

4.24. Measure 411 "Implementation of the local development strategies"

The main objectives are:

- | |
|--|
| <p>a) To strengthen the capacity planning and local management.
b) To improve local territorial resources.</p> |
|--|

According to the basis of the past programming period, lessons learnt from the past, local development strategies, should be a) to keep up the administrative structure of the Mountain Communities and in the regional areas, b) integration with other bodies which fall under such areas, c) population which comprises of 30,000 - 120,000 in each specific area d) the implementation of financed development strategies in order to reduce the gap between stronger and weaker economies in the same area.

Under Leader Axis 4 in the rural development program 2007-2013 430.392 inhabitants (72.4% of the regional population) and 9.149 Km² (91.5% of the regional territory) will be covered. This represents an increase of the rural areas and population covered under the Leader + program and will target D and B (partially) rural areas.

Selection criteria and procedures:

Within 4 months after the approval of the RDP, the region will issue a call of proposals for LAGS. Only LAG for area will be selected. Selection will be based on the characteristics of the area, the partnership and the strategy and on the coherence between strategy and financial resources. A priority will be given to the LAGs who will integrate cooperation and innovation into their local development strategy.

Implementation procedures:

The managing authority will select the projects. The implementation of the Local Development Strategy will be carried out by 3 sub-measures:

- 4.1.1: Improving the competitiveness (measure 111 and measure 121).**
- 4.1.2: Improving the environment and rural areas (measures 216 and 217).**
- 4.1.3: Improving the quality of life and diversification of the rural economy (measures 311, 312, 313, 321, 323 and 331).**

According to the regional authorities, the LAG's will select the final beneficiaries. The regional authorities will check the eligibility of expenses and make the controls; the regional Paying Agency will provide for the payment..

Beneficiaries: LAG's, public and private entities interested in the collective local context.

Indicators: *For Sub-measures 4.1.1. and 4.1.2:* 50 jobs related to the LAG's and 150 projects financed by LAGS. There will be 8 LAGS and 150 beneficiaries. The total surface covered is 9.149 Km² covering 430.392 inhabitants; *sub- measures 4.1.3:* 100 jobs related to the LAG's and 150 projects financed by LAGS. There will be 8 LAGS and 250 beneficiaries. .

Financing: 38.86 million €(22.37 million €EAFRD).
Implementing local development strategies for Competitiveness (Axis 1): Public Expenditure 5,850 million €and 3.36 million €(EAFRD),

Implementing local development strategies for the Environment (Axis 2): Public expenditure 2.92 million € and 1.68 million € (EAFRD),
 Implementing local development strategies for the Quality of life (Axis 3): Public Expenditure 20.4 million € and 11.73 million € (EAFRD).

Measure targeting: Regional areas interested in Local action groups.

4.25. Measure 421 "Inter-territorial and trans-national cooperation"

Objectives: To strengthen capacity planning and local management.

Actions: To implement inter-territorial and trans-national projects. Cooperation projects will be included and described in the local development plan of the LAG.

Beneficiaries: LAGs.

Measure targeting: Regional areas interested in Local action groups.

Financing: 1.94 million € (1.12 million € EAFRD).

Indicators: 160 number of enterprises and 24 co-operating LAG's. 16 projects will be involved in co-operation.

4.26. Measure 431: Running the local action group, acquiring skills and animating the territory.

Objectives: The setting up/start up of the Leader group.

Actions: Running the local action group, acquiring skills and animating the territory.

Beneficiaries: LAG's

Aid intensity: 13% of public cost for this sub-measure 4.1, 5% of public cost for animation for sub-measures 4.1 and 2 % of public cost for acquisition for sub-measure 4.1.

Financing: 7.78 million € (4, 48 million € EAFRD).

Indicators: Number of skill acquisition and animation actions 80, Number of participants in actions 800 and number of successful training results 40.

Measure targeting: Regional areas interested in Local action groups.

5: FINANCING

Annual Contribution from EAFRD (in EUR)

2007	2008	2009	2010	2011	2012	2013	Total
54 634 000	54 312 000	52 684 000	53 412 000	52 832 000	52 590 000	52 186 000	372 650 000

Axes	Public Contribution		
	Total Public Expenditure	EAFRD Contribution	EAFRD
Axis 1	171.743.042	57,5	98.752.249
Axis 2	349.966.957	57,5	201.231.000
Axis 3	64.808.697	57,5	37.265.000
Axis 4	38.885.219	57,5	22.359.001
Technical Assistance	22.683.043	57,5	13.042.750
Total	648.086.958	57.5	372.650.000

5. INDICATIVE BREACKDOWN BY RURAL DEVELOPMENT MEASURES (IN EUR)

Measures/Axes		Public expenditure	Private expenditure	Total costs
111	Training	7.802.315	0	7.802.315
112	Setting up of YF	17.822.391	0	17.822.391
113	Early retirement	186.668	0	186.668
114	Advisory services	15.000.000	3.750.000	18.750.000
121	Farm modernisation	44.555.977	44.555.979	89.111.956
122	Improving economic value of agri and forests	10.022.012	10.022.014	20.044.026
123	Adding value to agri and forestry	32.506.962	32.506.963	65.013.925
124	Cooperation	7.500.000	3.214.286	10.714.286
125	Infrastructures related to agri and forestry	17.000.000	4.250.000	21.250.000
132	Food quality	14.000.000	0	14.000.000
133	Information and promotion of quality products	5.346.717	2.291.450	7.638.167
Total Axis 1		171.743.042	100.590.692	272.333.734
211	LFA	17.998.017	0	17.998.017
214	Agri environmental payments	209.725.383	0	209.725.383
216	Non –productive investments	749.835	321.358	1.071.193
221	First afforestation	55.000.000	23.571.429	78.571.429
223	First Afforestation of non agricultural land	1.749.835	749.929	2.499.764
226	Restoring forestry potential and prevention actions	62.994.052	0	62.994.052
227	Non-productive investments in forestry	1.749.835	749.929	2.499.764
Total Axis 2		349.966.957	25.392.645	375.359.602
311	Diversification into non agricultural activities	36.292.870	36.292.870	72.585.740

312	Micro-enterprises	3.240.435	3.240.435	6.480.870
313	Tourism activities	5.832.783	1.458.196	7.290.979
321	Basic services	11.665.565	2.916.391	14.581.956
323	Conservation and upgrading of rural heritage	6.480.870	1.620.217	8.101.087
331	Information and training	1.296.174	0	1.296.174
Total Axis 3		64.808.697	45.528.109	110.336.806
411	Competitiveness	5.850.701	2.507.443	8.358.144
412	Environment/land management	2.916.391	1.249.882	4.166.273
413	Quality of life/diversification	20.396.823	8.741.495	29.138.318
421	Cooperation	1.944.261	833.255	2.777.516
431	Animation, skill acquisition	7.777.043	0	7.777.043
Total Axis		38.885.219	13.332.075	52.217.294
Total axes 1, 2, 3 4		625.403.915	184.843.521	810.247.436
511	Technical assistance	22.683.043	0	22.683.043
Total		648.086.958	184.843.521	832.930.479

6. ADDITIONAL NATIONAL FINANCING

No Additional national financing according to Art. 16(f) of Regulation (EC) No 1698/2005 is envisaged for this programme.

7. DESCRIPTION OF STATE AID MEASURES

Chapter 9 gives the information concerning the measures which falls within and outside of article 36 of the Treaty. **Table 9B** indicates measures 122, 123, 124, 311, 312, 313, 321, 323 and 331 which fall outside the scope of article 36 of the Treaty. They will all respect the "*De minimis*" rule according to Reg.1998/2006 and the time period for the regime will be 31/12/2013 for all of the measures.

8. DESCRIPTION OF THE COMPLEMENTARITY

The information concerned the appraisal and means for the complementarity with the Regional Fund, Employment Fund and the Fisheries Fund have been described and the synergy between the different funds is based on the level of strategic priority, the level of specific actions and at territorial level. Demarcation criteria have also been taken into account respecting the National Strategy Plan and the Community Strategic National Framework programme.

Demarcation with the **Regional Fund**. Main general lines include; i) communication networks, the development of the agro-food sector to be better included in the production chain, research, services, creation of touristic offers and soil desertification, water and water pollution, renewable energy and infrastructure.

The **Employment Fund** will have the task to provide training (in managerial positions) in order to put side by side strategies to support rural development, the acquisition of the necessary competences oriented to the professions related to

industries and district, the improvement of competences regarding social and economic matters in rural territories based on themes/subjects on the improvement of the quality of life and diversification or the rural economy, adaptation of professionals (even public figures) in the rural development context.

There is no overlap with the **Fisheries Fund**, however, if the commune Maratea is included in the territoriality for LEADER, demarcation criteria will be established.

Demarcation with the CAP has been taken into account for milk, fruit and veg, wine, olive and olive oil and also within the three different Axis.

Summary for the Demarcation on the three different axis:

Axis1: Measures 111: Demarcation with the Employment Fund while measures 121,123,124,125 and 133 with the Regional Fund will be based on typology and scale of interventions.

Axis 2: Measure 226: Demarcation with the Regional Fund will be based on typology and scale of interventions.

Axis 3: Measures 311, 312, 313, 321 and 323 demarcation with the Regional fund will be based on the typology of intervention and territory where the intervention will take place; in case of measure 331 Employment fund will not intervene in training and information activities concerning Axis 3 issues.

9. PROGRAMME DELIVERY

9.1. Designation of competent authorities and bodies responsible

- The Managing Authority will be "Dirretore Generale del Dipartimento Agricoltura, Sviluppo Rurale, Economia Montana della Regione Basilicata".
- The Paying Agency will be the national one – ARBEA
- The Certification Body will be, for the year 2007, Price Waterhouse Coopers S.p.A.

9.2. THE MONITORING AND EVALUATION SYSYEM

- 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. It will be divided in three phases: ex-ante, in itinere and ex-post. During the implementation phase the result and output indicators will be carried out. These indicators will be based on age, professional status, dimension of the holding, activity, location in Less favoured areas, location in Natura 2000 or 2000/60/EC and in nitrate vulnerable zones. By year 2010 a report on "on-going evaluation" and in year 2015 "ex-post report" will be carried out on the basis of the monitoring and evaluation system put in place by the region. The National Monitoring and Evaluation System is taken into account.

- The Monitoring Committee has been described and the composition taken into account. Some examples of the members of the committee include amongst others; the managing authority of the EAFRD, one representative from the regional, employment and fisheries fund, ARBEA, ARPAB, co-operatives, ministry of finance, public and private environmental bodies and representative of tertiary sectors.

9.3. INFORMATION AND PUBLICITY ARRANGMENT

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 Communication plan is 5% of the allocation for Technical assistance.

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

The consultation process involved a series of meetings between April 2006 till February 2007. The main results of these meetings are found in the programme.

11. EQUALITY BETWEEN MEN AND WOMEN AND NON DISCRIMINATION

The equality between (i) men and women, (ii) race, ethnic origin and religion and (iii) disabled people/ and their families will be taken into account in the elaboration and in the implementation of the programme.

The principle of equality between men and women will be promoted at the various stages of the programme as described in the programme.

Any discrimination based on sex, racial or ethnic origin, religion or beliefs, disability, age or sexual orientation has been described in the programme.

12. DESCRIPTION OF TECHNICAL ASSISTANCE OPERATIONS

Technical assistance (measure 511) 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 support will cover the acquisition of services and consultancies and the purchase of the machinery and equipment (i.e. software and hardware for the monitoring activities). The National Rural Network is an independent programme.

Public expenditure for Technical Assistance is 22,683 million € (13.04 million € EAFRD).