

Working Document

Member State/Region Italy - Campania

1. DESCRIPTION OF THE RURAL DEVELOPMENT PROGRAMME

2. TITLE OF RURAL DEVELOPMENT PROGRAMME

Programma di sviluppo rurale 2007-2013

3. MEMBER STATE AND ADMINISTRATIVE REGION

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

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

4.1. Situation in terms of strengths and weaknesses

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

Campania is characterised by a variety of territorial/environmental, demographic and socio-economic patterns which are influencing the definition of the rural development policy.

The **Regional territory** (13.590 Km²) can be divided into low-lying land (25%), hilly (40%) and mountains areas (30%). Hills are located in the inner and coastal parts of the region. Land cover is broken down as follows: arable land (28.34%), forests (27.67%), permanent crops (17%), pasture (3.5%), urban area (6.7%), greenhouses (0.4%), water and wet areas (0.48%).

Rural areas have been identified according to the methodology set up in the national strategy, which classifies the national territory into 4 typologies: urban areas (A area), areas with intensive and specialized agriculture (B area), intermediate areas (C area), areas with development problems (D area). In Campania, all the four areas identified at national level are present. Moreover the region is subdivided into Areas A and D into respectively 3 (A1, A2 and A3) and 2 (D1 and D2) sub areas in order to better characterize all the relevant aspects related to the analysis in rural areas. Areas (B), (C) and (D) are definitely rural.

Rural areas cover 67% (UAA) of the territory and are inhabited by 25% of the population. The remaining 75% of population is living in Areas A which are also characterised, to some extent, by rural patterns (A2 and A3 sub areas mainly).

Urban-rural areas are characterized by an extremely high population density (the lowest is in area A3 with 1.182 inhabitants/ Km²) posing pressure on the

environment/territory and on the existing farming activities. In D areas the density is lower with only 9.3% of the population living on half of the regional territory.

Demography There are 5.8 million habitants with an average population density of 425.81 inhabitants/Km².

Elderly people (over 60 years) are about 18% of the total population with a higher proportion of women. Out migration combined with fewer births makes the ageing problem more acute in the inner (C and D areas) disadvantaged areas. This means the illiteracy rate is growing due to higher proportion of elderly people. In coastal areas population is growing with a higher rate of younger population; higher immigration rate contributed to increasing numbers of young people.

Economic growth started to decrease in 2003. In 2004 regional GDP was at 90.552 Meuro (6.7% of national GDP=1.3351.328 Meuro)). Per-capita GDP (2003) is about 72% of the EU-25 average (€20.478). The regional economy contributes for 6.6% to the national added value. The regional added value is broken down as follows: primary sector 3%, industry 20.1% and tertiary sector 76.9%.

The regional economic performance influences the social and occupational patterns.

Employment rate (44.40%) is lower then the national average (58.4%) : an higher proportion of male (60.4%) than female (28.7%) population are at work. Difficulties for female population to get into labour market still exist. 5% of active population are employed in the primary sector, 24.0% in secondary, 71% in the tertiary.

Unemployment is about 12.8% (year 2004). 17.7% of female population is unemployed, that is higher compared to male population unemployment rate. That should encourage policies in favour of local development in order to create job opportunities for female population.

Participation rate in **training courses** is significantly lower then the national average mainly in disadvantaged areas.

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

- (1) **Agri-food sector**

Total Agricultural Area amounts to 878.524 ha and 600.000 ha of Utilizable Agricultural Areas is broken down into roughly 250.000 holdings (average 2,4 ha/holding). The agricultural production system is highly fragmented and only 10% of farms utilises more than 5ha of UAA. Within this 10% there are holdings classified as professional holdings. 80% of farmers own their land; farm workers are employed mainly on seasonal basis (immigrants) depending on the type of crops. Aging of farmers is an issue (mainly in C and D areas) and rejuvenation is a challenge. A tendency to aggregate farms is being recorded bringing an increase in the holding size.

The most important **agricultural sectors** of the region are permanent crops (fruit, viticulture, oliviculture), horticulture (mostly tomatoes), and arable crops (including fodder and grain for human consumption). **Tobacco** is produced on an area of 12.643 UAA (2.1% of the regional UAA), mostly in A2, C and D1 areas.

Production coming from permanent pastures plays a minor role in the rural economy but relevant for livestock production in C and D areas.

Buffalo milk is utilised for dairy products (Mozzarella di Bufala) which play an important role in the regional rural economy.

Of the 7.100 food enterprises, 46% are craft enterprises. Only 0.5% of the enterprises employ more than 100 workers, 85% 5 workers or less (with a large number employing only 1 person).

The contribution given by agriculture to regional **VA** is 3%; the contribution given by agri-food industry to regional **VA** is about 2.6% (tendency towards an increase). Overall the agri-food sector is an important component (5.6% of regional Value Added-VA) of the regional economy (2.4% at national level), though it is contributing less than in the past to the regional VA.

Employment rate in the agri-food is 9.5% (7.5% at national level) of the total employment in Campania. In particular 120.000 workers (57.7% male, 42.3% female) are employed in agriculture, which represent 6.7% of the total regional workforces (trend is to decrease). In the agri-food industry 41.000 workers are employed which represents 2.7% of the total regional (2.3% of the total national). A low **labour productivity** (€ 20.842/employed in the agricultural sector and €51.416/employed in the food industry) compared to the national average characterises both the agricultural sector and food industry. This results from the employment component which is higher than the production factor.

The **export** of processed agricultural products gives a strong contribution to the regional economy. Products with a higher added value (including high quality products) are easily exported because they are highly competitive on the market.

Overall the agricultural sector and food industry suffer from structural and economic weaknesses due to the high fragmentation of the production system. Moreover the low tendency to associate and cooperate between farms/enterprises is giving a strong limitation to marketing of agricultural products. However in the recent time farmers have shown the tendency to increase the size of their farm by purchasing or leasing additional land; this tendency is going to be boosted in order to facilitate the offer and distribution of products on the market. The structural and economic problems are counterbalanced by the offer of a wide range of **high quality products** that are nationally and world-wide renowned.

The low level of integration in the main regional production chain present is giving a strong limitation to increase margin of profits for producers. Despite the presence of a high number of officially recognised/certified products, farmers are still keen to enter into such schemes. This attitude should be reversed in order to take profit from an increased valorisation of the production.

AGRI-FOOD SECTOR IN RURAL AREAS

In rural area D agriculture is important to safeguard the territory/environment that has a number of assets that need to be preserved/enhanced. Opportunities for diversification of the rural activities are present. Multifunctionality in agriculture is playing an important role, giving the possibility to farmers to increase their income. Forests and permanent pasture characterize the environment and are the basis for rural economic activities. The abandonment of farming activities has been significant in the period 1994/2004 and it is continuing at the same pace. Also the UAA has decreased considerably. **Tobacco** is produced on 5.283ha, which equal 41% of the tobacco regional UAA. The structural and economic problems in agriculture are higher compared to the regional average (high economic dependency on agriculture, increasing ageing of farmers, out-migration, high fragmentation of production, low tendency to valorisation of the quality, non viable and self consumption oriented farms). Structural and economic weakness undermines productivity of food industry that works (although food industry is not significantly represented) mainly in fruit, horticulture, dairy, and olive-oil sectors.

More vibrant agriculture activities are present in rural area C. Demographic problems (aging, out migration) are present but to a lesser extent than in D areas. Farm productivity is usually higher than in the previous area, although still not comparable to that of the non-agricultural sectors. On the other hand, diversification has less possibility for development than in rural area D (i.e. less protected/natural areas). Productive sectors are specialized and economically well performing even if there still is room for improvement. Olive-oil, viticulture, **tobacco** (4.036ha, 32% of tobacco regional UAA) and livestock production are the most significant agricultural activities performed in a semi-intensive manner. Multifunctionality in agriculture is also playing an important role here in relation to the need of preservation of the environment (forests and protected areas are still significantly present) and of the natural/cultural heritage. Food industry is performing well and a wide range of quality products nationally/EU recognised is traded locally, nationally and on foreign markets. Food production is significantly oriented towards food quality production.

Rural area B has a central role in regional agriculture. Here fruit and vegetable production is particularly significant and uses intensive methods. Livestock production is important and specialized. 77.7% of buffalo milk production is obtained here. A large number of the farms in the area are professional. Good degree of competitiveness has been reached in all agricultural productive sectors; this is also due to the wide spread implementation of innovative technological methods. On the other hand, this area is much more open to competition from other markets, and needs to innovate and improve its performance continuously. The necessity to take into account the environmental issues is another important element that has to be considered. The same consideration can be made for the food industry present in the area. Quite rarely farmers supplement their farm income through off-farm activities. This is testament to the good viability of farms in area B.

Finally in A areas farms are diversified. Beside a large number of very small (less than 1ha average) plots that are dedicated to produce crops mainly for own consumption there is a number of holdings producing intensively and showing a good productivity. **Tobacco** is produced on 2.300ha, which equals 18% of the tobacco regional UAA. Structural deficiencies in farming are difficult to overcome (in order to increase the economic value of agriculture). On the other hand the area shows scenic sites and landscapes (linked also to presence of Natura2000 areas) that need to be preserved (recurring to the contribution from agriculture). Agricultural land available is constantly under pressure from other sectors (housing, industries). Therefore the agriculture role is of utmost importance here in mitigating the strong environmental impact/pressure deriving from urbanisation/industrialisation process. There is room for improvement in rural tourism which is lagging behind so far.

(2) Forests sector

There is a good cover of **forests** (289.890 ha) in the region (mainly in mountainous and hilly C and D areas) which would represent an attractive economic opportunity. Moreover forests are playing an important role in consolidating the soil in order to prevent erosion and landslides. Under utilisation of wood for economic purposes (construction material and other) should be reverted. That needs suitable infrastructures (forest roads), an increase the economic value of wood and to boost the preventive action to reduce possible damages to forested areas due to natural disasters. So far economic returns derive from wood used for energy production (70% of the total production). Low tendency to technical innovation and the poor equipment and machinery used for exploitation/processing of wood are factors undermining a proper valorisation of forests.

NEEDS

On the basis of the SWOT analysis, the region has identified the following intervention needs:

1. To solve the structural problems in the farming sector identified in the general and sectoral analysis. The reorganisation of tobacco sector is to be addressed.
2. To improve cohesion and interdependency along the main production chains in the represented productive sectors
3. Reorient the tobacco production in certain areas in the light of the tobacco CMO reform
4. To improve human capital potential with a focus on generational renewal
5. To encourage participation in quality schemes to boost valorisation of a wide range of quality agricultural products available in the region
6. To improve production, diversification/utilisation of wood material

- ***Environment and land management***

As far as **land cover** is concerned a wide range of environment/habitats are present in the region (forests, wet areas, shrubs, grassland/pasture, etc).

Particular attention has been put by the regional administration to preserve protected areas which represent 35% of the regional territory including Natura2000, National/regional parks and other protected areas. **Natura2000** sites (106 SCI and 28 SPZ) cover an area of about 346.500ha. The statutory requirements and the interventions planned by the region are aimed at preservation of biodiversity which showed a declined over the years. **Farmland with high nature value** (HNV) associated with a wide degree of biodiversity is also present. The indicator is not completely quantified, but it

can be said that HNV farmland is associated with pasture/grassland, agro-forest and with areas where extensive agriculture is practiced.

The indicator related to **farmland bird population** shows a significant decrease in number in some of the most common species of farmland birds.

In term of composition of **forests**, broadleaved species represent 60%, conifers 2% and mixed conifers/broadleaved forests about 2.3%.

80% of the total of **disadvantaged areas** is located in mountainous areas and a higher proportion of protected zones (Regional Parks, Natura2000 sites) are being classified as disadvantaged. The disadvantage condition interferes substantially with the economic activities linked to agriculture and the quality of life in these areas. As results the **abandonment of land and economic activities** in these areas is a major issue to be addressed by local development support. Compensatory Allowances are being paid mainly for surfaces devoted to arable crops and permanent crops (oliviculture).

Water availability does not represent a problem since the total quantity of water is excess compared to the actual needs for agricultural proposes (irrigation) in the region. The irrigation network covers the 14.69% of the UAA and 69% of the of the surfaces that could need (during the year) to be irrigated. Interventions are envisaged to improve irrigation systems even in the light of implementation of the Water Framework Directive. **Water quality** is still critical in some geographical areas where monitoring reveals constantly pollution problems. Severity of pollution varies according to type of water and geographical areas: water quality checks reveal that surface water (rivers, lakes) is more polluted than underground water. Agricultural activities are contributing to chemical and biological pollution derived from using inputs (nutrients) and spreading manure/slurry. The presence of **nitrites above the limits** indicates non compliance with the national and community legislation to prevent nitrites pollution and the need to reinforce the implementation of the actions already taken at regional level to address the problems in 157.514ha (UAA) of the area which has been identified as vulnerable to nitrite. Apparently **pesticide pollution** in water is not a severe problem. However the problem could be under estimated as the analysis stresses that monitoring system in place for pesticides needs improvement.

Soil erosion is a significant problem with substantial differences in geographical areas and according to the variety of type of soils. Overall the erosion rate is higher than the national average (3,17tons/ha/year). Salinization and desertification in coastal areas are being taken into account in the analysis even if quantified data are not yet available. Landslides and land consolidation problems are acute in mountainous areas due to the worsening conditions of soil and incorrect water management in these areas.

Land farmed according to **organic farming** is still not significant (2.59% of UAA) compared to the national average. The tendency to increase surfaces under organic farming production in order to satisfy a higher demand from consumers to avail of safer and higher quality agricultural products is being recorded.

Ammonia and Green Houses Gases (GHGs) are produced from agricultural activities at a level that undermines the **air quality** in the region. **Ammonia** emissions derive from livestock production. 21.000tons have been realised in 2000 which represents 6% of the total amount of ammonia from agriculture released at national level. Carbon dioxide (CO²) of agricultural origin is not as relevant (3% of the total) as carbon dioxide deriving from other sources (transport sector, energy production). GHGs of agriculture origin that are affecting air quality are methane and nitrogen protoxide. Emissions of both elements increased significantly during the period 1994-2002.

A strong contribution to the improvement of air quality could come from utilisation of biomass for energy production. However the analysis underlines that the in 2006 the production of **renewable energy** from agriculture and forestry is "zero" (excluded the biomass used to supply energy at farm level).

ENVIRONMENT and LAND MANAGEMENT IN RURAL AREAS

In rural area A pollution problems are severe. Agricultural have increased pollution (which are mainly caused by human activities) due to intensive agricultural activities. Nitrates are at a higher level compared to the regional average. Food industries are not always dispose waste according to the required conditions. In rural area B, intensive agriculture is widespread. Water management and water pollution by nitrates and pesticides are relevant issues, and the emission of greenhouse gases is significant. Protected areas are less significant than elsewhere and forestry is not economically significant. In rural areas D and C, extensive agriculture and high natural value farmland are present. Here, natural areas are more important, and forests, mainly broadleaved, play an important role for the protection of biodiversity. In rural area D, in particular, protected areas are important, because they cover more then 62% of the total protected territory. In C and D rural areas, landslides and consolidation are outstanding challenges to be addressed.

NEEDS

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

1. To develop biomass production and to increase utilisation of renewable sources of energy
2. To preserve biodiversity and landscape and to enhance the use of rural areas and green areas, in areas with intensive agriculture
3. To improve water quality and quantity and land management, in areas with intensive agriculture
4. To support agriculture in mountainous (less favoured) areas in order to prevent landslides and erosion
5. To improve multifunctionality of agricultural activities to preserve landscape and environment

- ***Rural economy and quality of life***

The **socio-economic characteristics** of rural areas can be summarised as follows:

- Lower incomes, lower levels of education and employment.
- Overall the secondary and tertiary sectors are important both in terms of employment and GVA in A and B areas, whereas they are almost absent (services) in D areas. The primary sector is highly significant in B areas and significant in other C and A rural areas. In A (urbanised) areas there still are agricultural activities oriented towards own consumption and to supply local market.

The percentage of **farmers with other gainful activities** is lower than the national and European average (20% vs. 28-30%), with some differences between the rural areas. In B areas off-farm sources of income are represented by tourism related activities and services. Farmers in D areas need to diversify their source of income in order to integrate the low income deriving from agricultural activities.

Tourism is well developed in the coastal rural area A3 where 40% of the activities are present. Touristic activities are also sufficiently developed in rural area D1, where **agri-tourism**, if adequately developed and supported, could offer the possibility to diversify/integrate agricultural activities due to the presence of a number of regional assets (natural, archaeological, cultural and eno-gastronomic assets). Tourism in rural areas C is not as significantly developed as it could be in view of the natural, historic, cultural and traditional assets present.

Net migration is an important indicator, to estimate the attractiveness, and therefore the quality of life, of a certain territory. As mentioned before, the region is facing an increase in population, due mainly to the migration from other regions/countries. In rural areas, net migration is positive, and usually higher than in urban zones. However there are some considerable differences between rural areas B and C and rural area D. In rural area B and C, net migration is positive (especially in rural area B). In rural area D, however, net migration, although still positive, is considerably lower.

Infrastructures and services are important factors to be taken into account in developing rural areas. The **incidence of services** is particularly high in urbanised (A) areas. A huge gap exists in term of availability of services to enterprises and population between A rural areas and D rural areas making the regional situation critically unbalanced. Difficulties to have access to services for enterprises and population are due to weak mobility infrastructures mainly in the remotest (mountainous) D rural areas.

In order to promote the socio-economic development of rural areas, **human capital** is a key issue. As mentioned before, in rural areas education levels are generally lower. Life-long learning is another important aspect, which needs to be developed.

Finally the **availability and utilisation of the internet** is lagging behind. Although there is no data available at local level on the DSL coverage in the region, one could assume that the scarce infrastructure in mountainous and internal areas (D areas) is also reflected in term of availability of broadband connection.

DIVERSIFICATION AND QUALITY OF LIFE IN RURAL AREAS

The analysis has highlighted a wide differentiation of the rural regional territory having highly urbanised rural areas (A areas), areas with an intensive agriculture (B areas), and areas characterised by relevant rural patterns (C and D). In principle A and B rural areas are not concerned by intervention of actions financed under axis 3 because the socio-economic conditions are not severely lagging behind as it is for the remaining part of the regional rural territory. It is, however important, to preserve rural activities in order to give opportunities for diversification in response to high demand for services of public interest. Moreover it has been highlighted in the analysis that part of A and B rural areas are occupied by the regional reserves and natural parks (under protections according to specific regional laws). That imposes a strong limitation to economic development of the farms located in these areas due to the limitation imposed by the legislation, and the tiny economic dimension of the farms. This is without saying the relevant role of the farming activities in term of preservation of the environment and landscape which is an asset for these areas. Therefore it has been allowed, exceptionally and for the reason explained above, to implement action 3 measures in this territory in the aim of supporting farmers under particular constraints imposed in the specific context already described. In term of surfaces involved by the "derogation" one should underlined that 429.5sqKm (12% of the total A and B, 4.1% of the territory under support financed by Axis 3) is involved. Given that the surface identified includes also important urban zones, the areas under support are actually reduced. The major intervention supported by axis 3 will be concentrated in D and C rural areas for the reason highlighted in the analysis. The areas under support will be approximately of 10.062.18sqKm.

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

1. To create employment in rural areas
2. To qualify and consolidate existing employment in rural areas
3. To improve the attractiveness of rural areas for residents, enterprises and tourists
4. To improve tourism in rural areas
5. To promote the utilisation of energy potentialities, located in rural areas, in order to develop multi-functionality and diversification of agricultural holdings
6. To promote and increase broadband coverage in rural areas

- **Leader**

During the 2000-2006 programming period, the regional territory was covered by 7 supported Local Action Groups under **Leader+** action. LAGs acted on 7.548 km² (55% of the regional territory), where a population of 606.000 inhabitants (10% of total population) was living.

Leader+ worked with the aim of developing rural areas suffering mainly for natural disadvantaged and characterised by low population density (80 inhabitants/sqKm) and by a significant socio-economic decline. Due to this critical living situation those areas undergo significant out migration that is increasing the socio-demographic problems like aging and high degree of dependency. The activities performed by Leader+ have been complemented by actions undertaken under operational programme operated by Structural funds with the same aim of developing the Leader+ areas.

On the basis of the SWOT analysis, the region has found the following intervention needs, related to priority axis 4:

1. To promote the participation of local communities in the definition of local development strategies
2. To build local capacities for the elaboration of integrated projects
3. To reinforce existing partnerships
4. To integrate agriculture and forestry in local development strategies

4.2. Strategy chosen

The overall objective of the programme is to promote competitiveness of the agri-food and forestry sectors in a sustainable way. The improvement of the socio-economic context in rural areas would facilitate the performance of the economic activities related to agriculture.

On the basis of the analysis of the agricultural system, regional farms can be divided into two main categories: 1) Competitive farms – located in lowlands (including some rural-urban areas), highly productive (commodities and or quality products) and market oriented. 2) Multifunctional farms – located in mountain areas, protected areas or peri-urban zones, which are more oriented for the supply of services, rather than products. Subsistence farms are (or should) moving into this category, as well as some of the regional professional farms.

According to regional authorities, intervention in favour of competitive farms should be addressing at the food chain integration and modernisation/integration (producers industry, traders) innovation, enhancement of human capital, quality (including food safety and respect of standards). Intervention in favour of multifunctional farms, on the other hand, should be addressing at maintenance/enhancement of the

environment/territory, to niche/quality products, direct marketing, services supply.

In A rural areas agricultural sector is subject to the competition from other sectors (land consumption). In this area, a major emphasis will be given to competitiveness (keep sector's productivity at reasonable levels, improving its environmental performance at the same time). In B rural areas (intensive agriculture), an improvement of agriculture's sustainability is needed, with a particular care to the reduction of nitrates pollution and water consumption. The renewal of products and processes and to the improvement of industry integration will be another important issue. Reconversion of tobacco¹ produce will also be an issue for intervention similarly to what is needed in rural area C. In C rural area (intermediate areas) support to quality products and improvement of local industry integration as well as diversification will be a priority (to better integrate the farm in the territorial context). Reorganisation of tobacco sector in line with OCM is also an issue. Finally, in D rural area support will aim to maintain agricultural and forestry activities, better integration of the farm in local economy and to enhance integrated rural development.

General strategy of axis 1 (improving the competitiveness of agricultural and forestry sector) intends to improve /consolidate economic returns in agri-food and forestry sectors, facilitate/improve employability in agriculture especially for young farmers and women, to orient the production towards the markets and consumers request, to enhance the environmental condition limiting negative impact from agriculture. With these aims priority objectives are: to promote modernisation and innovation in the agri-food sector (measures 121, 123), to improve quality of production (measures 131, 132, 133), improve human resources (measures 111,114, 115) and facilitate rejuvenation in the agri-food sector (measures 112, 113).

The financial weight of the axis is 41.6% (without Leader)

Within Axis 1, the repartition of resources gives more emphasis to **physical capital** (82.3.0%) followed by **human capital** (12.1%) and **quality** (5.6%). In

¹ The analysis highlights that tobacco production is diversified. Tobacco produced in the area around the province of Caserta and Benevento (partly) is quite good in term of varieties (Burley), quantity and quality. That makes tobacco production in this area still competitive and in need for reorganisation in order to face the new challenges deriving from the CMO reform. On the other hand producers in other regional areas will not be in the position to afford the market reorganisation and they will not be in the position to maintain their economic viability. The common organisation of the market of raw tobacco (Council Regulation n°2075/1992) contains provision on the Community Tobacco Fund (CTF), with which reconversion measures to help tobacco growers to switch to other crops or other economic activities are financed. Council Regulation n° 2182/2002 foresees that those who apply for assistance from the CTF shall not apply for funding for the same project under another assistance scheme, to prevent double financing. The Fund will be utilized to pay intervention up to first half of 2010 at the latest. Afterwards the allocation will be made available to Rural Development to abandon tobacco production and to support an "exit strategy" to be defined and implemented under the rural development policy. The strategy offered to producers is oriented toward an "exit strategy" using the opportunity offered by the tobacco reform and robust financial means transferred from CMO to the rural development policy. The program analyses the reconversion needs in rural areas where production could not be economically sustainable and offered strategies to be implemented in order to facilitate diversification towards other productive sectors.

terms of measures, the situation is the following: insofar as **physical capital** is concerned, 516.69 Meuro (68,6%) goes to financing actions for *modernisation of agricultural holdings* and to *improvement of infrastructures related to development and adaptation of agriculture and forestry* and 86.57 Meuro (11,4%) to *adding value to agricultural and forestry products*; insofar as **human capital** is concerned, 29.3 Meuro (3,9%) goes to financing actions for *rejuvenation (Young farmers and early retirement schemes)*, 19.14 Meuro (2,5,%) to *training* and 32,51 Meuro (4,3%) to *advisory services*; insofar as **quality** is concerned *meeting standards, participation in the quality schemes* and *promotion* absorb 29.41 Meuro (3.9.2%) of total allocation for axis 1.

General strategy for axis 2 (improving the environment and the countryside) intends to safeguard/improve environmental conditions and territory attractiveness and preserve natural resources. With this aims priority objectives are: to promote a sustainable agricultural (measures 214, 215, 216) and forestry development (measures 221, 223) according to the need of biodiversity safeguard, countryside valorisation (measures 211, 212) and renewable energy development (measures 221, 223). Taking into account the severe problems in relation to landslides and erosion strong emphasis is being given to non productive investments (measure 227) in order to counterbalances these problems. Moreover robust fighting/preventing fire actions in forests (measure 226) are also being planned in order to ensure forests protection in a region ranking as "high risk" of fires.

The financial weight of the axis is 37.4% (without Leader).

Within axis 2, the repartition of resources gives the highest rate to **environmental actions on agricultural land** (392.65 Meuro, 57.9%) followed by **environmental actions on forestry land** (284.99 Meuro, 42.1%). In terms of measures, the situation is the following: insofar as **environmental actions on agricultural land** is concerned 217.48 Meuro (32.1%) goes to financing *agro-environmental* actions and 116,25 Meuro (17,1%) to financing *Compensatory Allowances for natural and socio-economic disadvantages. Natura2000 payments* will not be activated yet until management plans of the sites are being set down. Insofar as **environmental actions on forestry land** is concerned priority is being given to *Non productive investments, First afforestation of agricultural land/non agricultural land* and *Restoring forestry potential and introducing preventive action* with respectively 66,40 Meuro (9,7%) and 67,23 Meuro (10,07%) and 128.57 Meuro (18.9%) of the allocations.

General strategy for axis 3 (quality of life in rural areas and diversification of rural economy) intends to maintain rural population in rural areas, preservation of cultural heritage assets and to reinvigorate the socio-economic fabric in such areas. With this aims, priority objectives: to guarantee the permanence of rural population in less favoured areas by promoting the contribution of agriculture to quality of life, and to diversify rural economy in order to create employment.

The financial weight of the axis is 15.6% (without Leader).

Within axis 3, the repartition of resources gives the highest rate to **quality of life** (175.17 Meuro, 62%) followed by **economic development** (101.30.

Meuro, 35.9%) and **human capital** (5.78 Meuro, 2%). In terms of measures, the situation is the following: insofar as **quality of life** is concerned priority is being given to the *improvement of the attractiveness of rural areas* (135.32 Meuro, 47,9% of the allocations)) and *upgrading of the rural heritage* (39.83 Meuro, 14,1% of the allocation); insofar as **economic development** is concerned *diversification into non-agricultural activities* will account for 33.96 Meuro, 12% (67.55 Meuro, 23.9% including tourism activities) and creation of micro business will account for 33.83 Meuro (12%); insofar as **human capital** is concerned *training* is going to absorb (5.78 Meuro, 2%) of the allocation.

General strategy for axis 4 (Leader) is: to integrate agriculture in local development activities, in order to improve the effectiveness of local governance and increase local employment and diversification. At least 80% of the Leader resources will be used to implement axis 3 measures.

The financial weight of the axis is 5.2%.

The estimated impacts for the RDP are:

Indicator	Measurement/unit	Target
Economic growth	Net added value (EUR Million in PPS)	248 Meuro
Employment creation	Net jobs created ²	15.778 jobs
Labour productivity	Change in gross added value per labour unit in full time equivalent	10,2%
Reversing biodiversity decline	Change of biodiversity trend (% of selected farm birds species index)	2%
Preserving agricultural and forestry land with high natural value	Change in area of high nature area (thousand hectares)	1,5%
Improvement of water quality	Change in nutrient balance (N) in thousand tons	-20%
Fighting climate change	Increase in energy production from renewable energies (kt/oil equivalent)	130

² There will be a decrease of 9.772 jobs over the period 2007-2015 compared to the baseline (110.000 jobs). However one could assume that, in absence of the actions undertaken under the rural development program the job reduction would be higher.

4.3. Ex-ante evaluation

According to the evaluator, the RDP will have a positive effect on economic growth and employment and labour productivity. A robust contribution will be given to the mitigation of a number of sensitive environmental problems. The intervention should have a positive effect on biodiversity, natural areas protection and water quality. Contribution to combating climate change will also be, according to the evaluator, given. The quantification of impacts is being provided.

SEA complements the ex-ante evaluation. A summary has been provided.

4.4. Impact from the previous programming period

In 2000-2006 support to rural development policy came from RDP, Leader+ and Operational Programme (POR) under SF operations (EAGGF co-financed).

The financial resources allocated to the programmes are broken down as follows: 1.060 Meuro (POR), 201.6 Meuro (RDP) and 23.6 Meuro (Leader+).

The main results/impacts deriving from the implementation of the three programmes are the following:

- Management of programmes ensured a proper utilisation of the resources available
- Intervention has contributed to the introduction of environmental friendly techniques
- Intervention has affected positively the quality of agricultural products
- Intervention has stimulated innovation and the acquisition of modern equipment
- Effects on productivity and incomes are difficult to determine, but should be limited (as they are more dependant on market and prices).
- The need to better target the actions in relation to actual sectoral and territorial needs.

5. AXES AND MEASURES

5.1. AXIS 1

5.1.1. *Training and information (article 21 of R. 1698/2005-code 111)*

Objectives: The measure aims to equip farmers, foresters and people in agri-food sector with skills necessary for career in farming, forestry activities and agro-food and to improve competitiveness and environmental sustainability of agrifood and forestry sectors through range of interventions focusing on training and information.

Actions: a): training. *Interventions:* training courses (including e-learning), seminars conferences, workshops on issues like entrepreneurship, implementation of compulsory standards, forest management, innovations, diversification; b): information. *Interventions:* implementation of information projects using media like TV, radio, press, etc.) in order to improve

awareness amongst operators in the agricultural and forestry sectors on opportunities offered to them by policies related to agrifood and forestry sectors.

Beneficiaries: action a): the Region and accredited training bodies; action b): the Region.

Addresses: *Training:* young farmers, farmers, foresters, agri-food employees; *information:* farmers, foresters, agri-food employees, territorial actors acting in connection to sectoral productive chains.

Targeted areas: the whole regional territory

Aid intensity: up to 100% of eligible expenditure

Budget: 11.25 Meuro (19.14 Meuro total public). Only public support is being foreseen.

Outputs: 10.206 participants, 40.824 training days

5.1.2. *Setting up of Young Farmers (YF) - (article 22 of R. 1698/2005-code 112)*

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

Activities: single premium and/or interest rate subsidy to finance costs born by eligible applicants for implementing a business plan.

Definition of setting-up: to get responsibility of a farm as a sole head of holding; establishing a business plan to be implemented during 36 months from individual decision for support

Summary of business plan: description of current situation & milestones and targets for development, needs for training, details of necessary investments, final situation expected in relation to the economic situation, quality of production and environmental aspects. Review of the plan is to be carried out in fifth year following set-up to assess if objectives set in the plan were achieved.

Use of period of grace: 3 years to reach adequate skills/competence

Beneficiaries: farmers aged 18 to 40 yrs who are setting up for the first time as head of the holding, presenting a business plan and possessing adequate skills/competence. Incentives would be allowed to young farmers adhering to measure 121

Target areas: the whole regional territory

Amount of support: *single premium*³: €30.000 (in A3, C, D areas), €25.000 (in A1, A2 and B areas); *single premium + interest rate subsidies*: €50.000 (A3, C, D1, D2, €45.000 (in A1, A2 and B areas) .This amount can be paid in advance under given guarantees. .

Budget: 14.37 Meuro (24.99 Meuro total public). Only public support is being foreseen.

Outputs: 735 settings up, 25 Meuro of total investments

5.1.3. Early retirement (article 23 of R. 1698/200 5- code 113)

Objectives: the measure, in conjunction with "Setting up of young farmer" aims at mobilising agricultural land, rejuvenating agricultural sector, keeping young farmers in agriculture, restructuring farm sectors and allowing established farmers to expand their holdings.

Actions: annual pension over max. 10 years

Definition of beneficiaries: *Transferor:* from 55 yrs without being entitled to get a national pension (less than 65 yrs for men, less than 60 yrs for women), having been a farmer for min. 10 yrs, must cease all commercial farming. *Transferee:* young farmer less than 40 yrs or other farmer less than 50 yrs old, succeed as head of holding *Farm worker* must be 55 to 65 (60 for women), at least half time has been spent in farming in previous 5yrs, have worked on transferor's holding for equivalent of at least 2 yrs full-time, belong to Social Security Scheme.

Targeted areas: the whole region. However priority is being given to applicants in areas C and D rural areas.

Description of links with national retirement scheme: Description of schemes is provided; ERS supplementary to national pensions. **Duration:** 10 yrs. up to normal pension age (60yrs for women, 65 for men).

Type of Aid: € 8.000 flat rate payment plus € 500/AWU up to a max. €18.000pa, (€180.000 over 10yrs); €4.000pa for farm workers, €40.000 (over 10yrs)

Budget: 2.78 Meuro (4.84 Meuro total public). Only public support is being foreseen.

Outputs indicators: 95 transferors, 27 retired farm workers, 82 Ha transferred

³ Single premium is broken down as follow: a fixed amount of €5.000 of for all young farmers, an additional premium of €25.000 in A3, C, D rural areas (€20.000 in A1, A2 and B rural areas) for young farmers who are also supported under measure 121. That gives an incentive to young farmers to make investments to improve the holding.

5.1.4. Use of advisory services (article 24 of R. 1698/2005-code 114):

Objectives: The measure aims at promoting the participation of farmers and foresters in the advisory system, covering at least GAEC and Cross compliance issues. 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: two actions are being implemented with the aim of action a): increasing awareness and knowledge of farmer/foresters on minimum community standards and work safety (at least) and action b): action a) + improvement of economic performance of the holding.

Beneficiaries: farmers and foresters.

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. The list of the selected bodies will be kept updated regularly by the region. Guidelines for the definition of the scope of advisory services will be issued by the Region

Targeted areas: the whole Region

Level of support: 80% admissible costs up to a max. €1.500.

Budget: 18.69 Meuro (32.51 Meuro total public).

Output indicators: 8.400 farmers and 120 foresters supported

5.1.5. Setting up of management, relief and advisory services (article 25 of R. 1698/2005-code 115)

Objective: The measure aims at setting up of management and relief services for the farm and forestry sectors.

Actions: action 1: support for setting up relief services to farmers; 2): setting up of (economic) management service in agriculture; action 3): starting up of enterprises approved by the Region to provide advisory services in agriculture and forestry (measure 114) .

Beneficiaries: action a) farmers and foresters associations; action b): advisory services approved by the Region.

Eligible expenditure will cover: renting costs, purchase or lease-purchase of equipment, furniture, overall costs (up to 2.5% of the admissible costs). In addition, software, advertising or information material (leaflets, webpage) will be eligible under action c).

Implementing conditions: public call for proposal will be launched by the region.

Aid intensity: action a) and b) 100% of the total eligible (max €2.000/yrs for setting up relief and management services for agricultural holdings, max. € 1.600/yrs for advisory services in forestry holdings) paid out by yearly instalments (i.e. over 5 years); actions c: 50%€(max. 100.000) over two years (60% the first year, 30 the second year). **State aid:** “*De minimis*” (Reg. (EC) 1998/2006).

Budget: 5.47 Meuro (9.51 Meuro total public)

Output indicator: 10 relief, 22 management and 70 advisory services activated

5.1.6. On-farm investment (article 26 of R. 1698/2005-code 121)

Objectives: The measure aims to modernisations/improvement of productive sectors with chance of improving income, reducing production costs, guiding production in line with foreseeable market trends, encouraging new outlets for agricultural products; improve production, handling & preparation of agricultural produce including labelled/recognised quality products; facilitate the adoption and application of new technologies; diversification (bio-energy), improve qualitative standards, facilitate reconversion of tobacco sector, introduce technologies and process to safe natural resources (i.e. water).

Actions: Investments intended to a): modernise of the agricultural holdings and the increase of their economic performance (through the reduction of costs, the innovation of products/processes and the enhancement of quality) and b): the promotion of environmental sustainability, occupational safety, animal hygiene and welfare; diversification of agricultural production (bio-energy, short rotation coppice), water management improvement, energy production (within 1 MW) to be used in the holding, land improvement. Investments are being diversified by area and type of agricultural activities according to identified territorial needs and structural disadvantage.

Type of investment: Business plan should detail all types of investments (creation/improvement of buildings for animal husbandry, greenhouses, creation/improvement of buildings/premises for processing, and marketing agricultural products (including honey) in the farm, acquisition/improvement of technological structures, machineries, technological equipment, land improvement; land purchasing (within the limit of 10% of eligible costs) intervention for saving water and energy, investments to produce energy-less than 1 Mw- from renewable sources to be used in the farm and ensuring a positive carbon dioxide balance, short rotation coppice, and licences, patents, software) foreseen within the eligible actions, specifying the added value expected from the implementation of actions, overhead costs.

Beneficiaries: all eligible farmers who present a business plan and young farmers adhering to measure 112.

Newly introduced Community standards: max. 36-months derogations are being allowed to young farmers to fulfil standards based on Directives 91/676/EC, 96/61/EC and Reg. 852/04, 854/047, Directive 2002/99 and Reg. (EC) 183/05

Targeting: cereals, floriculture, fruit and vegetable, olive-oil, wine, meat, tobacco sectors are being targeted. Strategic objectives and interventions within a productive sector are being identified and prioritized in order to respond to sectoral weaknesses highlighted in the analysis. Strategic objectives and interventions are also being prioritized at rural area level.

Intensity aid: 60% if beneficiary is young farmer and 50% for other farmers in areas A3, C, D; disadvantaged areas, protected sites; 50% if beneficiary is young farmer and 40% for other farmers in areas A1, A2 and B.

Budget: 148.49 Meuro (258.26 Meuro total public)

Output indicator: 6.180 holding supported, 516.0 Meuro of total investments.

Coherence with first pillar: applicants for this scheme are ineligible for grant aids under any other EU or nationally funded schemes and will be a condition in the scheme that any such applications would be withdrawn.

5.1.7. Improvement of the economic value of forests (article 27 of R. 1698/2005-code 122)

Objectives: The measure aims at increasing the productivity and the economic value of forests, even in relation to bio-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: action 1): improving forests in order to enhance the productivity of forests and the quality of wood; action 2): acquisition of installations, machineries, equipment, including software improving sustainable forest management (felling, harvesting, storing) and widening the range of possible utilisation of wood; action 3): creation of storage facilities.

Types of investment: investments linked to forest productivity and improvement wood quality like changing type of trees – (i.e. coppice forest versus high/timber forest), machinery/installation/equipment intended for sound forest utilisation, and construction/acquisition of storage facilities.

Requirements: forests of at least 1 Ha and definition of the forest management plan.

Beneficiaries: private and public forestry owners

Targeted areas: the whole regional territory with priority being given to mountainous areas, other disadvantaged areas and protected Natura2000 areas.

Aid intensity: up to 60% of eligible costs in disadvantaged (mountains) and protected areas; up to 50% of eligible costs anywhere else.

Budget: 7.43 Meuro (12.92 Meuro total public).

Output indicator: 100 beneficiaries, 23 Meuro of investments

5.1.8. Adding value to agricultural products and forestry products (article 28 of R. 1698/2005-code 123)

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 will be: a) construction, acquisition or improvement of immovable property/installations for processing, marketing and storage of agricultural and forestry products; b) purchasing of new installations, machinery, and equipment to implement certification systems, traceability, and forestry certification link to the investment.

Targeted productive sectors eligible for investments in agriculture are: cereals, floriculture, fruit and vegetables, olive-oil, wine, meet. Strategic objectives and interventions within a productive sector are being identified and prioritized in order to respond to sectoral weaknesses highlighted in the analysis. Strategic objectives and interventions are also being prioritized at rural area level. Investments in forestry will be limited to micro-enterprises and to first processing of wood.

Beneficiaries: **agricultural sector:** micro-enterprises, small/medium enterprises (SME) and less than 750 employees (or less €200 million/year) enterprises processing and marketing products of Annex I of the Treaty; **forestry:** micro-enterprises.

Newly introduced Community standards: : 36-months derogations will be allowed to micro-enterprises to fulfil requirements based on Reg. 852/04, 854/047, Directive 2002/99 and Reg. (EC) 183/05.

Targeted areas: the whole regional territory

Aid intensity: 50% of eligible costs

Budget: 49.77 Meuro (86.57 Meuro total public).

Outputs indicator: 140 holding supported, 173 Meuro of investments

Coherence with first pillar: applicants for this scheme are ineligible for grant aids under any other EU or nationally funded schemes and will be a condition in the scheme that any such applications would be withdrawn.

5.1.9. Co-operation for development of new products processes & technologies in the agriculture and food sector and in the forestry sector (article 29 of R. 1698/2005-code 124)

Objectives: The measure is aimed at the diffusion of product/process technological innovation. This general objective should be pursued enhancing the cooperation within 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 cooperation projects, testing cooperation outputs

Eligible costs: costs related to cooperation like technical and scientific equipment/machinery, patent acquisition, software, advisory services, overhead costs.

Beneficiaries: consortium/associations including agricultural and forestry holdings, food enterprises, producer organisations, research institutes.

Targeted areas: the whole regional territory

Aid intensity: 75% of the eligible costs.

Budget: 1.85 Meuro (3.23 Meuro total public). **State aid:** “*De minimis*” (Reg. (EC) 1998/2006).

Output indicators: 15 cooperation initiatives supported

5.1.10. Infrastructure of importance to the development and adaptation of agriculture and forestry (article 30 of R. 1698/2005-code 125)

Objectives: the aim of the measure is to optimize the utilisation of water for irrigation purposes, to improve accessibility (roads) to agricultural land and forests and to facilitate the utilisation of energy (power).

Actions: **action 1)** improvement of water management (irrigation, water saving), **action 2)** accessibility (roads) to rural areas and forests; **action 3)** improvement of distribution of energy (power) to holdings.

Type of operations: Action 1) improvement of the water management (saving water oriented) system for irrigation proposes; action 2): creation/improvement of roads to upgrade accessibility between agricultural/forestry holdings, implementation of innovative transportation systems; action 3): improvement of the power distribution network to ensure

permanent energy supply to rural dwellers and complementing the interventions to be realized by Power Authority.

Beneficiaries: action 1): water management consortiums; action 2): communes and other public/semi-public bodies; action 3) private/public partnerships, communes.

Targeted areas: action 1): areas which are being managed by water management consortiums, action 2): C, D1, D2 rural areas, action 3): the whole regional territory (mainly C and D rural areas).

Aids intensity: up to 100% of costs.

Budget: 148.60 Meuro (258.43 Meuro total public).

Output indicators: action 1) 20 infrastructures, action 2) 220 infrastructures, 258 Meuro of total investments.

5.1.11. Meeting standards (article 31 of R. 1698/2005-code 131)

Objectives: The measure aims to facilitate the implementation of newly introduced standards based on Community legislation in the national/regional legislation national. In particular, the main objective is to protect the environment from pollution deriving from agriculture activities.

Actions: Meeting standards based on Community legislation will be used to facilitate the implementation of national legislation setting down provision related to directives 91/676 (Nitrate directive) and 2000/60 (WFD).

Interventions: operating extra costs (setting down of spreading plans, costs related to identification of suitable soil for spreading, distances to be covered for manure disposal)

Beneficiaries: farmers

Targeted areas: the whole territory; interventions to facilitate implementation of Nitrate Directive will be allowed in NVZs only.

Aid intensity: up to €10.000/holding in NVZs; up to €6.000 /holding for spreading olive oil by products. Aid is paid in a digressive way for 5 yrs and up to 75% of the eligible cost paid (administrative cost are being taken into account for the 1st year only). One single payment in first year is being foreseen for implementation of 2000/60 (WFD).

Budget: 7.51 Meuro (13.07 Meuro total public).

Output indicators: 840 holdings supported

5.1.12. Food quality schemes (article 32 of R. 1698/2005-code 132)

Objectives: The measure aims at boosting the production of high quality agricultural products, developing new certification schemes according to Reg. 1783/2003, incentive for producers to adhere to officially recognised food quality schemes and stimulating the participation to certification and control systems.

Actions: to finance fixed costs for farmers derived from entering in/participating in a quality scheme insofar as products officially recognised at Community, national, regional levels are concerned.

Eligible operations: products to undergo certification should be officially recognised by specific provisions referring to this type of product.

Beneficiaries: farmers who participate in the quality schemes listed below:

- Geographical indications and designations of origin for agricultural products and foodstuffs (Council Regulation 510/2006) – 14 products
- Traditional specialities guaranteed (Council Regulation 509/2006) – 1 product
- Organic production of agricultural products (Council Regulation 2092/91)
- Quality wine produced in specified regions (Title VI of Council Regulation 1493/1999 on the common organisation of the market in wine)
 - 21 wines.

Requirements: the supervision of the schemes is ensured by the Ministry of Agriculture and Forests. The region will update the list of products participating in the abovementioned schemes.

Targeted areas: the whole regional territory

Aids: maximum €3.000 beneficiary/year.

Budget: 11.27 Meuro, 19.61 Meuro (total public).

Output indicators: 6.000 farmers

5.1.13. Information & Promotion (article 33 of R. 1698/2005-code 133)

Objectives: The general objective of the measure is to inform consumers and market operators about the existence and the characteristics of regional quality products in order to valorise them.

Actions: support to the realisation of information/promotion programs, such as a): participation in fairs and exhibitions, b) information, promotion, advertising activities

Admissible expenditure will be represented by all the cost incurred in the realisation of the information/promotion program, with the exception of

administrative and personnel costs. Information or promotion activities, supported by Reg. (EC) N. 2826/2000, will not be eligible.

Beneficiaries: producers groups participating in a food quality schemes supported (EU, national, regional) under measure 131.

Targeted areas: the whole regional territory

Aids intensity: 70% of eligible costs.

Budget: 5.63 Meuro (9.80 Meuro total public).

Output indicators: 70 actions supported

5.2. Axis 2

5.2.1. Less Favoured Areas Compensatory Allowances Scheme in mountainous areas (article 37 of R. 1698/2005-code 211)

Objectives: The aim of the measure is to maintain sustainable farming in the mountain areas avoiding land abandonment and ensuring viability to farmers.

Actions: payment of €250/Ha. Payment reduction will be applied to parcels of more than 50Ha (only to exceed part of the land). Calculation of payment avoids overcompensation.

Requirements: farmers must undertake to farm in LFA for min. 5 years from 1st payment, have a minimum 0.5 LU/Ha and maximum stocking level of 3 LU/Ha, and comply with cross-compliance.

Beneficiaries: farmers.

Budget: 50.13 Meuro (87.19 Meuro total public).

Output indicators: 13.800 agricultural holdings and 50.000Ha

5.2.2. Payments to farmers in areas with handicaps, other than mountain areas (article 37 of R. 1698/2005-code 212)

Objective: The aim of the measure is to maintain sustainable farming in socio-economically disadvantaged areas to avoid land abandonment and ensure viability to farmers.

Requirements: farmers must undertake farming in LFA for min. 5 years from 1st payment, farming min. 0.2ha, have a min. 0.5 LU/Ha and max. 3 LU/Ha stocking density and comply with cross-compliance.

Beneficiaries: farmers.

Actions: €150/ha/year;

Budget: 16.71 Meuro (29.06 Meuro total public).

Output indicators: 7.700 holdings supported and 27.600Ha

5.2.3. Agro-environment (article 39 of R. 1698/2005-code 214)

Objectives: the aim of the measure is to, promote conversion to organic production standards and other environmentally sustainable farming systems, improve water quality, soil and preserve/enhance genetic diversity.

The measure comprises 7 actions:

- (a) Action A - 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 and food safety enhancement. *Commitments:* input reduction (at least 30% reduction compared to the ordinary input administration in "normal" agricultural methods), all other obligations imposed by the "Integrated production rules" defined by the national authorities. *Aid intensity:* annual support (for a period of 5 years) varies according to type of crops and rural areas. Premium are indicated in the table below:

Type of crops	Areas A and B (Euro/ha)	Areas D (Euro/ha)	Areas C (Euro/ha)
Grape	571	422	522
Olive	439	307	475
Permanent crops (fruits)	362	512	410
Permanent crops (other fruits)	581	300	360
Vegetables	353	300	360
Industrial crops (oil seeds)	201	170	284
Flowers	454	406	454
Cereals	70	51	61
Fodder	104	55	72

Premium in NVZs are lower then premium indicated in the table above.

In case of collective (at least three adjoining farms, min.10ha under commitment) actions, premium will be increased within the maximum allowed in Reg.1698/2005.

Output indicators: 7.700 holdings supported

- (b) Action B - 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, reduction of inputs, improvement of biodiversity and food safety, preservation of traditional agricultural methods increased quality of surface and underground water. 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:

Type of crops	Areas A and B (Euro/ha)	Areas D (Euro/ha)	Areas C (Euro/ha)
Grape	714	646	696
Olive	537	414	609
Permanent crops (fruits)	589	788	664
Permanent crops (other fruits)	788	307	649
Vegetables	546	343	403
Industrial crops (oil seeds)	371	278	473
Flowers	436	567	436
Cereals	143	105	128
Fodder	205	101	107

Premium in NVZs are lower than premium in the table above.

In case of collective actions premium are being increased within the maximum allowed in Reg.1698/2005

Output indicators: 2.000 holdings supported

- (c) Action C - Organic matter aims to improve soil fertility. Expected environmental advantages concern the reduction of erosion, prevention of desertification and mitigation of environmental pollution. Commitments: fertilisation with organic matter to be maintained within 30cm in the soil, inclusion of stubble in the soil. Aid intensity: € 301/ha in areas A and B, € 167/ha in areas D and

€245/ha in areas C.

Output indicators: 1.000 holdings supported

- (d) Action D - Actions going beyond GAEC includes: a): artificial green cover and reduced soil milling (€ 115/ha). *Commitments:* provide green cover between lines of trees (orchards, olive trees, grape). *Expected environmental impacts* deriving from commitments are: improvement of biodiversity, preventing soil erosion; b): *Estensification* (€600 in C rural area, €568 in D rural areas and €395 in A and B rural areas). *Commitments:* prolongation of pasture up to 180 days/year, max. livestock density varying from 1,2 to 1.86 LU/Ha (1.86 in C rural areas, 1.6 in A and B rural areas, 1.12 LU/Ha in D rural areas) . *Expected environmental impacts* deriving from commitments are: improvement of biodiversity, water quality, and soil.

Output indicators: 800 holdings supported

- (e) Action E - Maintenance of local endangered breed varieties aims to protect coral animal breeds. It provides a support for *commitments* undertaken in order to: a) preserve local endangered breeds (1 cow, 2 sheep and 1 goat, 3 horse and 1 pig breeds), b) enhance protection of endangered species. *Aid intensity:* a) annual support (for a period of 5-7 years) of €200 for horse breed, €180 for cow breed, €170 for ovine breed; €80 for pig breed increased by €20 in case of animals farmed under " organic" methods; b) 100% of admissible costs.

Output indicators: 300 holdings supported and 27.600Ha

- (f) Action F - Maintenance of local endangered plants/vegetation aims to protect of biodiversity of local plant varieties. Risk of the genetic erosion is cited for a number of plants/vegetation (fruits, grape, olive trees, vegetable) endangered varieties. Sub-measure f1): "*in situ*" conservation. *Commitments:* maintain endangered varieties for all the duration of the contract. *Aid intensity:* annual support (for a period of 5 years) of €900/ha for permanent crops (trees) and €600/ha for vegetable crops; sub-measure f2): enhance protection of endangered varieties ("*ex situ*" and "*in situ*" conservation of genetic material - seeds). *Aid intensity:* 100% of admissible costs.

Output indicators: 967 holdings supported

- (g) Action G - Maintenance and preservation of old grape plants. *Commitments:* input reduction. Expected environmental advantages concern the reduction of erosion problems, the reduction of chemical inputs (beneficiaries must adhere to actions A) or B) and the preservation of traditional farming and landscape/environmental features. *Aid intensity:* € 100 each plant up to a max of € 900/Ha.

Output indicators: 800 old grapes plants

The calculations justifying the grant amounts are being described and have been elaborated by Region and certified by University of Naples. Cross-compliance requirements according to Reg. n. 1782/2003 and normal agricultural practices have been taken into account, as baseline for the abovementioned calculations.

Beneficiaries: Farmers and their association, Communes, Region (for actions E and F).

Targeted areas: Priorities will be given to rural areas presenting specific environmental problems (i.e. action C will be implemented preferably in areas where erosion is more significant).

Aid intensity: up to 100% of expenditure

Budget: 125.05 Meuro (217.48 Meuro total public)

Overall output indicators: 40.000Ha of UAA supported, 57.000 total agricultural areas, number of contracts 12.000.

5.2.4. *Animal Welfare (article 40 of R. 1698/2005-code 215)*

Objectives: The measure aims to encourage farmers to adopt high standards of animal welfare. Support is given to farmers whose husbandry practices go beyond usual standards and improve quality of animal production.

The measure is divided into action 1) that has the aim of ensuring extensive indoor and outdoor farming system by providing additional space for animals, action 2) that has the aim to extend suckling period to new born buffalos, and action 3) to improve husbandry conditions to prevent diseases in cattle and buffalos.

Commitments: action 1): increase the space to be made available to farmed animals; action 2) extending suckling period (additional 7 days compared to the usual farming practices in the region) to new born buffalos;, action 3) prevent animals diseases by adopting voluntary management practices in the cattle and buffalos farms.

Beneficiaries: farmers and their associations.

Targeted areas: the whole regional territory

Aid intensity: Action 1: €500/LU; Action 2: €33.60/LU; Action 3: €50/LU (max. €50.000 holding) **Calculation of payments** is based on the additional costs born by the farmer.

Budget: 14.21 Meuro (24.72 Meuro total public)

Output indicators: 3.645 holdings supported, 42.312 livestock units under contracts

5.2.5. *Support for non-productive (agricultural) investments (article 41 of R. 1698/2005-code 216)*

Objectives: the measure aims to maintain and valorise landscape and territorial elements/features, to enhance/protection natural resources, enhance

attractiveness of areas of natural interest (Natura2000 or other high nature value areas), to maintain a proper balance between agricultural activities and protections of habitats and biodiversity.

Actions: The measure includes the following actions: a) plantation of trees, hedgerows, b) maintenance of terraces, stonewalls, c) creation of buffer zones on riparian areas, d) maintenance/recreation of wet areas, e) non-productive investments in farm included in Natura2000 sites, g) prevention of damage to farmed animals by wild animals (wolves, wild boars).

Operations to be supported: actions a): acquisition of trees and plantation, creation/improvement of hedgerows; action b): creation/improvement of stonewalls, terraces; action c): creation of buffer zones, acquisition of plants and other types of vegetation; action d): creation and/or improvement of wet areas; action e) creation of fencing (including electrified) to prevent wild animals attacks on livestock.

Beneficiaries: farmers and public bodies adhering to measure 214 or farming land located in Natura2000 sites

Targeted areas are being identified according to the type of actions.

Aid intensity: up to 100% of the admissible costs.

Budget: 19.65 Meuro (34.17 Meuro total public)

Output indicators: 350 holdings supported, 34 Meuro of total investments

5.2.6. First Forestation of agricultural land grant and premium scheme (article 43 of R. 1698/2005-code 221)

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: payment for establishment, maintenance costs (for five years) and annual premium for income losses. Four types of plantings are identified: a) natural forests, b) plantation with long life trees (more than 15yrs), c) plantation with fast growing species (less than 15yrs), d) plantation with fast growing species (more than 8 yrs). Short rotation coppices are not included.

Provisions and criteria for the selection of the areas to be afforested are taking into account the local conditions and are compatible with the environmental requirements.

Beneficiaries: Farmers, private forest holders, public forest holders and their associations.

Definition of farmer: 50% income derived from agricultural activities, (25% in disadvantaged areas), 50% of time spent in farming (25% in disadvantaged areas)

Definition of agricultural land: agricultural land being farmed up to 2 yrs before application for support.

Targeted areas: the whole regional territory. For some type of planting priority will be given to certain rural areas. Fast growing species will be planted on low-lying areas.

Methodology for calculating establishment & maintenance costs is defined in the RDP.

Aid intensity: public bodies: 100% of *planting (real) costs*; private beneficiary: 80% of planting costs in disadvantaged and protected areas, 70% in other areas. Ceiling fixed at €6.000/Ha (max. €200.000) and €4.000Ha (max. €150.000) for fast growing species; *maintenance costs* will be paid for 5 yrs up to €700/Ha (for years n and n+1), afterwards up to €400/Ha; *annual premium* (for duration of 15 yrs): varying from € 700/ha to € 500/ha (according to the areas) insofar as private beneficiaries are concerned, € 150/ha in case of public beneficiaries.

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

Budget: 32.10 Meuro (55.83 Meuro total public)

Outputs indicators: 1.300 beneficiaries, 4.000 Ha afforested

5.2.7. Afforestation of non agricultural land (article 45 of R. 1698/2005-code 223:

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

Actions: payment for establishment costs and, in case of abandoned land, for maintenance costs. Two types of plantings are identified: a) natural forests, b) plantation with long life trees (more than 15rs).

Provisions for designation of the areas to be afforested take into account the local conditions and are compatible with the environmental requirements. Grassland, pasture are excluded from plantation. Maximum 50/30Ha depending on the type of plantation to be afforested

Beneficiaries: Farmers, private forest holders, public forest holders.

Targeted areas: the whole regional territory. For some type of planting priority will be given to certain rural areas.

Aid intensity: *planting (real) costs:* 100% to public beneficiary, 80% to private beneficiaries in disadvantaged and protected areas, 70% in other areas. Ceiling is fixed at €6.000/Ha; *maintenance costs (only private beneficiaries):* €700/ha (1st and 2nd year), €400/ha (3rd, 4th and 5th)

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

Outputs indicators: 900 beneficiaries, 2.000Ha afforested

Budget: 6.59 Meuro (11.46 Meuro total public)

5.2.8. Forest-environment payments (article 47 of R. 1698/2005-code 225)

Objectives: The measure is aimed at compensating foresters for costs deriving from voluntary commitments undertaken in order to satisfy environmental needs and priorities (biodiversity), and enhancing the role of forests in soil and water protection.

Actions: action 1): proper forest management in order to keep/ improve natural conditions (like maintaining dead trees), which are being beneficial to a wide range to wild animals, action 2: to keep/maintain open area in the forests ("radure") which is beneficial to fauna and flora and contribute to maintain habitats in the forests.

Commitments: The following commitments (7yrs) go beyond obligatory standards or normal practices: action 1: to maintain dead trees in the forests, avoid felling in some areas of short rotation forests (beneficial to wild fauna); action 2) keep at least 300sqm of "radure" in the forests.

Targeted areas: the whole regional territory. Actions will be prioritized according to rural areas.

Beneficiaries: forest owners and their associations.

Aid intensity: varying from €10/ha to €200/ha. Variations are being justified by the number/type of commitments undertaken.

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

Budget: 13.06 Meuro (22.71 Meuro total public)

Output indicators: 500 beneficiaries supported, 24.525Ha, contracts: 500

5.2.9. Restoring forestry potential and introducing prevention actions (article 48 of R. 1698/2005-code 226)

Objectives: The measure concerns the restoration of forests damaged by fire and natural disasters and the implementation of preventive actions, in regional areas classified as high forest fire risk according to the regional forest protection plan.

Actions: action 1): reconstitution of forestry potential damaged by fires or natural disasters; actions 2): enhancement of forests with a preventive purpose (vegetation control, thinning, diversification of vegetation structure – only in areas with a forest management plan); action 3): acquisition of instruments supporting the implementation of preventive measures; action 4): realisation of infrastructures/actions against fires; 5): forestry land consolidations and water management interventions in forests.

Beneficiaries: forests owners and their association, communes and their association for action 3) other public bodies (provinces, mountains communities)

Targeted areas: high and medium fire risk areas

Aids intensity: 100% of admissible costs (public and private beneficiaries), Maximum amount of support for action 5 is:

- €750.000 for Communes,
- €2.800.000 for Mountains Community,
- €7.500.000 for Provinces.

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

Budget: 73.92 Meuro (128.57. Meuro total public)

Output indicators: 180 reconstitution/preventive actions, 140.400Ha of supported forest, 129.00 Meuro of total investments.

5.2.10. Support for non-productive investments (article 49 of R. 1698/2005-code 227)

Objectives: The measure aims at enhancing/valorise ecological value of forests in order to improve biodiversity, /maintain/improve/valorise ecosystems and promote multifunctionality of forests by encouraging investment in forests for provision public goods.

Actions: action 1): improvement of natural non productive forests; action 2): realisation of paths, touristic signs and other investments intended to valorise educational, recreational and naturalistic aspects of forests.

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 (Region, provinces, communes, Mountains Communities)

Targeted areas: public forests of particular natural and public interest and identified by the region according to regional provisions. The forests are located in mountainous and protected areas (including Natura2000); action 2: the whole regional territory where there are forests of public interests

Aid intensity: up to 100% of the eligible costs up to €750.000

Budget: 38.18 Meuro (66.40 Meuro total public)

Output indicators: 170 actions supported, 66 Meuro of total investments.

5.3. Axis 3

5.3.1. *Diversification into non-agricultural activities (article 53 of R. 1698/2005-code 311)*

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. Supporting a broad range of on-farm activities for farmers and their household members (accommodation/agri-tourism, marketing of local products, crafts, social services, education farms) a significantly increase of % holdings where fixed assets are used for non-agricultural activities should be achieved.

Actions: action A): agro-tourism, creation of social and recreational activities; action B): marketing of local products, crafts; action C): energy production from renewable (solar, eolic, photovoltaic) sources except bioenergy.

Operations to be supported: Action A): restoration/improvement of existing farm/rural buildings to be used for accommodation, educational purposes (education on environmental issues for children), social activities for elderly and disabled people and handcraft activities); action B): creation of green areas, installations for caravans, camping to promote rural tourism; action C): acquisition of material, equipment, including (ITC equipment).

Beneficiaries: farmers and/or members of the farm household.

Target area: priority is being given to D and C rural areas. Interventions are also admissible in the areas occupied by natural reserve and parks in which are significantly present in A2 and A3 rural areas (see analysis of "Rural economy and quality of life"). Priority will be give to rural areas involved in tobacco production in order to support tobacco growers who intend to diversify in order to abandon this production sector.

Aid intensity: varying from 50% to 60% according to the type of intervention up to €200.000. **State aid:** "De minimis" (Reg. (EC) 1998/2006)

Budget: 19.52 Meuro (33.96 Meuro total public)

Output indicator: 150 agricultural holdings supported, 56 Meuro of total investments.

5.3.2. Support for business creation and development (article 54 of R. 1698/2005-code 312):

Objectives: The measure aims to support the creation and development of micro-enterprises finalised to supply services related to the economic development of rural areas, alter depopulation in rural areas, position rural areas to provide economic activity to attract people to live and work there, to encourage the diffusion of ITC.

Actions: action A): creation of handcraft activities; action B): creation of micro enterprises to provide touristic accommodation and food supply; action C): services to support touristic activities.

Operations to be supported: support for the development of the micro enterprises (start up costs, staff, machineries, equipment)

Beneficiaries: all rural dwellers involved in or wishing to establish micro-enterprise.

Target area: priority is being given to C and D rural areas

Aid intensity: up to 50% of eligible costs. **State aid:** "De minimis" (Reg. (EC) 1998/2006).

Budget: 19.45 Meuro (33.83 Meuro total public).

Output indicator: 250 micro-enterprises, 200 new jobs created

5.3.3. Encouragement of tourism activities (article 55 of R. 1698/2005-code 313)

Objectives: The measure aims to maximise sustainable tourism potential of all rural areas through development of the countryside as a recreational resource for all.

Actions: action 1): realisation of touristic itineraries and restructuring of information centres and signposting; action B): information and promotion tourism.

Operations to be supported: action 1: creation/improvement of pathways, signposts, action 2): info points, view points, innovative communication technologies to promote/offer tourism, leaflets, other material/structure/equipment to inform on/promote tourism.

Beneficiaries: public bodies (communes, provinces), agri-tourism associations, public/private associations, consortium created for tourism promotion.

Target areas: C and D rural areas. Interventions are also admissible in the areas occupied by natural reserve and parks in which are significantly present in A2 and A3 rural areas.(see analysis of "Rural economy and quality of life").

Aid intensity: 70% of eligible costs for private beneficiaries and up to 100% for public beneficiaries.

Budget: 19.31 Meuro (33.59 Meuro total public).

Output indicator: 200 actions micro-enterprises, 37 Meuro of total investments

5.3.4. Basic services for rural population and economy (article 52bii and 56 of R. 1698/2005-code 321)

Objectives: The measure is aiming at supplying basic services to rural population in order to improve quality of life in rural areas by widening services to local population.

Actions: a): transportation/mobility services; b): medical emergency; c): medical assistance; d): social centres; e): crèches, child care assistance etc.); f): implementation of social services to provide assistance to disabled and/or old persons.

Beneficiaries: local administrative bodies, public-private partnership

Target areas: C and D rural areas. Interventions are also admissible in the areas occupied by natural reserve and parks in which are significantly present in A2 and A3 rural areas. (See analysis of "Rural economy and quality of life").

Aid intensity: 100% of eligible costs. **State aid:** "De minimis" (Reg. (EC) 1998/2006) for action e)

Budget: 19.39 Meuro (33.72 Meuro total public)

Output indicators: 168 actions supported, 33 Meuro of total investments

5.3.5. Villages renewal and development (article 52b-ii and 56 of R. 1698/2005-code 322)

Objectives: The measure is supporting investments for the renovation of villages relevant from a historical, cultural point of view.

Actions: actions are envisaged for supporting investments for the renovation of villages located in areas relevant from the tourist reasons and/or located in

protected areas, or relevant for historic, religious and eno-gastronomic point of view.

Beneficiaries: private, local administrative bodies

Target areas: C and D rural areas. Interventions are also admissible in the areas occupied by natural reserve and parks in which are significantly present in A2 and A3 rural areas. (See analysis of "Rural economy and quality of life").

Aid intensity: 65% of eligible costs for private beneficiaries, 100% for public beneficiaries

Budget: 58.42 Meuro (101.60 Meuro total public)

Output indicators: 120 villages supported, 109 Meuro of total investments

5.3.6. Conservation and upgrading of rural heritage (article 57 of R. 1698/2005-code 323)

Objectives: The measure is aiming at the conservation and enhancement of rural heritage. The measure aims at the conservation and enhancement of rural heritage, improving quality of life in rural areas by facilitating local economic development, increasing attractiveness of rural areas, improving the management practices of protected areas.

Actions: a) enhancing public awareness on Natura2000/protected sites value; b) improvement of public fruition of areas with high natural interest and value; c: conservation and upgrading of rural buildings, with an historical/cultural value.

Targeted areas: For action a), support will be concentrated in Natura2000 and protected areas. Action b) will be implemented in all regional territory (with a priority to integrated, Leader and collective projects), while Action c) will be implemented only in mountain areas.

Beneficiaries: action a): Natura2000/protected areas management bodies and provinces for action a), public/private owners of the building for action b), owners, local administrative bodies (provinces, municipalities, etc.), pasture management consortium in the mountains for action c).

Target areas: C and D rural areas. Interventions are also admissible in the areas occupied by natural reserve and parks in which are significantly present in A2 and A3 rural areas. (see analysis of "Rural economy and quality of life").

Aids intensity: up to 100% of eligible expenditure.

Budget: 22.90 Meuro (39.83 total public).

Outputs indicator: 30 actions supported, 40 Meuro of total investments

5.3.7. A training and information measures for economic actors operating in the fields covered by axis 3 (article 58 of R. 1698/2005-code 331)

The measure **objective** is to support training and information activities for the diversification of rural economy.

Actions: training courses, seminars, informative meetings related to the activities supported by measures 311, 312, 313 and 321

Beneficiaries: qualified bodies, NGO and Associations, economic actors related to measures 311, 312, 313 and 321.

Aids intensity: up to 100% of eligible expenditure. **State aid:** "De minimis" (Reg. (EC) 1998/2006).

Budget: 3.32 Meuro (5.78 Meuro total public).

Output indicators: 2.400 beneficiaries, 9.600 training days

5.4. Axis 4 (Leader)

5.4.1. Measure-41 - Implementation of local development strategies, through the selection of Local Action Groups (LAGs)

The Measure's **objective** is to support the implementation of local development strategies. The strategies will have to focus their attention on the integration of agriculture in local development activities and the reinforcement of local partnerships. Leader is the approach based on integrated, bottom-up local development initiatives serving the objectives of all RDP axes (mainly axis 3). 10 (min.8, max 12) groups are expected to be selected following a call for tender procedure. Criteria for selection of eligible rural territory have been set down in accordance with indication in the NSP. An increase of the territory cover by Leader compared to 200-2006 period is being expected. LAGs will cover around 71.5% (9.711 Km²) of the region and 17% (1.023.844 inhabitants) of total population. C and D rural areas will be targeted. The main features of Leader territory are the following: 81,9% of the territory is disadvantaged (mountains), 71.7%) is dedicated to agriculture, forests cover 30% of the territory, protected areas represent 41,7% of the territory and NVZ are very limited (only 4,4% of the Leader territory).

Selection criteria and procedures: LAGs will have to 1) consist of a public-private partnership (socio-economic partners and other representative at least 50% of the partnership, at the decision-making level); 2) propose a strategy concerning an admissible area. Selection will be based on the characteristics of the area, the partnership and the strategy and on the coherence between strategy and financial resources. LAGs will be selected by tender.

Implementation procedures: final beneficiaries will either be local entities or the LAGs themselves. In the first case, LAGs will select the final

beneficiaries and check the eligibility of expenditure. In the second case, the MA will select the projects and make the controls. In both cases, regional PA will make the payments. Cooperation and innovation is a priority criteria for LAGs selection.

Actions: Valorisation of natural resources and improvement of governance. Only intangible investments are foreseen).

Aid: 100% of costs eligible, 80% of costs are being supported

Output indicators: 12 LAGs supported, 8.000 km² covered, 700.000 inhabitants covered (measure 411), 560 projects financed (measure 412), 480 beneficiaries (measure 413), 94.1 Meuro total public.

Budget: *measure 412:* 15.15 Meuro (26.51 Meuro total public); *measure 413:* 26.51 Meuro (46.11 Meuro total public)

5.4.2. *Measure 421-Interterritorial and transnational cooperation*

The measure's **objective** is the reinforcement of local partnership and the reduction of rural area's isolation.

Actions: establishment of cooperation projects

Aid: 100% of costs eligible, 80% of costs are being supported

Budget: 2.16 Meuro, (3.76 Meuro total public)

Output indicators: 24 projects supported, 12 LAGs co-operating

5.4.3. *Measure 431-Running the local action groups*

The measure's **objective** is to ensure LAGs to operate efficiently and to facilitate the implementation of the local development strategies

Actions: studies on the area concerned by the strategies, information and animation on the strategies and the areas, training of personnel, running costs.

Aid: 100% of costs eligible, 80% of costs are being supported

Budget: 10.28 Meuro, (17.88 Meuro total public)

Output indicators: 50 actions supported

6. FINANCING

6.1. Annual Contribution from the EAFRD (in EUR)

Année	2007	2008	2009	2010	2011	2012	2013

Total	127128000	126380000	122592000	124287000	194676000	194113000	193173000
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6.2. Financial plan by axis (in EUR total period)

Title	Dépenses publiques	Taux contr. FEADER (%)	Contribution FEADER
Axe 1	752.938.435	57,50	432.939.600
Axe 2	677.644.591	57,50	389.645.640
Axe 3	282.351.914	57,50	162.352.350
Axe 4	94.117.304	57,50	54.117.450
Assistance technique	75.293.843	57,50	43.293.960
Total	1.882.346.087	57,50	1.082.349.000

Total axis 1+2+3+4= €1.807.052.244

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

See individual measures and table in annex.

No additional national or regional financing according to Art. 16(f) of Regulation (EC) No 1698/2005 is envisaged.

7. DESCRIPTION OF STATE AID MEASURES

For all measures/operations falling within the scope of the article 36 of the Treaty, no additional national financing is envisaged.

For the measures/operations outside the scope of the article 36 of the Treaty, support will be granted according to the “*De minimis*” (Reg. (EC) 1998/2006).

8. DESCRIPTION OF THE COMPLEMENTARITY

Structural Funds

The programme describes areas where the Structural funds (regional, social and fishery) can intervene in synergy with Rural Development fund. In the aim of avoiding overlapping of interventions financed by different funds, the rural development program established demarcation criteria at different levels. *Strategy level*: the *general* orientations on the strategy define the synergy between funds in order to achieve a proper development of the rural areas. *Programmes level* : in both rural development and structural funds programmes a great attention has been put in defining all the possible integrations between planned actions in order to avoid overlapping and to ensure concrete synergies beneficial to the development of rural area and agro-industry. *Territorial (rural areas) level*: a demarcation line between funds is defined at rural areas level where the typology of actions foreseen by Structural funds can solve identified problems in coherence and without overlapping with rural development interventions planned in the same areas. Moreover delimitation criteria for interventions are being defined at *measure and intervention level*. Demarcation is of utmost importance for interventions in axes 1 and 3. The demarcation is being defined on the basis of possible thematic areas for interventions to be realised under Structural and Rural Development funds Even if possible overlapping exists also for axis 2, the type of support (premium) based on clear conditions to be satisfied (commitments) there is no need for clear distinction

between actions financed with other funds. (Measure 226 may represent an exception).

A representative on the SF managing authorities will participate in the programme's monitoring committee.

CAP's First Pillar

The 2003 reform has introduced important innovations in the CAP. The rural development program will be complementary with these innovations. The introduction of the single farm payment gives farmers the freedom to produce what the market requires. This instrument however could have negative impacts, such as the abandonment of agricultural land (especially in less favoured areas). In order to avoid these negative effects, the programme will help to re-orient the productions and will support farm competitiveness, mainly through the measures in axis 1 (investments) and axis 3 (multi-functionality of farms and enhancement of rural areas).

(1) Complementarity between Axis I and III and Single Payment Scheme

Tobacco, cereals, meat (beef, and ovi-caprine meat) and milk are the productive sectors being mainly involved. Synergies with the CMOs are being sought. Interventions like investments at farm level, to keep adequate income level, to facilitate diversification will be used to support farmers having particular attention to farmers in areas at risk of abandonment. Information and promotion actions financed with the rural development will be beneficial to meet, dairy, olive-oil and viticulture sectors to afford the new orientation defined in 2003 CAP reform.

(2) Complementarity and demarcation between Axis I and CMOs

After having analysed all the opportunities given to farmers by the different CMOs a double financing could occur in the following sectors: wine, olive-oil, fruit and vegetable, tobacco. Therefore the rural development program ensures that the operations financed by the programme will be coherent with the existing CMOs. The business plan for investments in the agricultural holding should clearly mention if the applicant is enrolled to and OPs or have received support under a given CMO. Moreover the business plan should contain all the information allowing assessment on compatibility and coherence with other support possible under CMOs.. For **wine** and **olive oil**, no support for investments similar to the CMO ones will be granted. The operations for the enhancement of quality, innovation and industry integration will be complementary to those of the CMO. For the **fruit and vegetable** sector, investments made by the RDP will be financed only if different to those of the CMO operational programmes. Intervention for reconversion of **tobacco** produce into other types of production will be supported under rural development programme.

(3) Complementarity between Axis II and CMOs.

It has been ensured that provision in article 27(5) of Reg. 1974/2006 is being respected.

(4) Complementarity between Axis I and II and Cross-compliance

Support to farmers to be allowed under Axis I will ensure, *inter alia*, fulfilment of the compulsory standards demanded by Cross-compliance and will enhance

participation to quality schemes. Information, training and advisory services measures in Axis I will improve awareness amongst farmers on Cross-compliance. Synergy between environmental objective in the rural development programme (Axis II) and cross-compliance will be achieved by respecting GAEC and compulsory standards.

(5) Complementarity between Axis I and II and direct payments ex Article 69 of Reg. (EC) 1972/2003

Insofar as Axis I is concerned planned interventions described in the RDP measures will be beneficial to quality improvement of agricultural produce without interfering with national provision implementing Article 69 of Reg. (EC) 1972/2003 (seeds and beef). In particular Axis I will contribute to promote food quality systems by measures supporting advisory services, training, structural improvement of the agri-food enterprises and adding value to forestry and agricultural products. Axis II agri-environmental payments will act in synergy (according to orientations given in the NSP) to boost quality in seeds and beef as it is foreseen by provisions implementing Article 69 at national level.

9. PROGRAMME DELIVERY

9.1. Designation of competent authorities and bodies responsible

The Managing Authority will be Regione Campania – Giunta Regionale-AGC Sviluppo Attività Settore Primario.

The paying agency will be AGEA-Agenzia per le Erogazioni in Agricoltura.

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

9.2. The monitoring and evaluation system

The monitoring system will utilise the common indicators set up at community level. The information will be sent regularly, and an annual report will be elaborated by the 30 June of every year (starting from 2008). The system which is being usefully used for monitoring the implementation of the 2000-2006 rural development programmes will be also used for monitoring the new programme. The evaluation process will be realised according to the regulation prescriptions. It will be divided in three phases: *ex-ante*, *in itinere* and *ex-post*. The Monitoring Committee's members are listed. The Committee will meet at least once a year.

9.3. 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, to inform the administrative bodies that will be involved in the programme's implementation, the potential beneficiaries and the partners about the content and the strategy of the programme.

- (b) Internet site, newsletters, direct mail and FAQ. These instruments will provide information about the technical content of the measures. The list of the programme's beneficiaries will also be published, from 2008.
- (c) Advertising (on TV, magazines and newspapers) to inform the citizens and the beneficiaries about the content and results of the programme.
- (d) Press releases, press tours and workshops and other instruments to inform the media.
- (e) Participation in fairs and forums, where videos and brochures about the programme will be distributed.
- (f) Front office activities.
- (g) Promotional literature (specialist magazine, brochures, flyers, posters, etc.), to inform citizens, beneficiaries and partners.
- (h) Common logos and slogans, to co-ordinate all the information activities.

The provisional budget of the plan is 7,5 Meuro. The results of the information activities will be evaluated by interviews, questionnaires and focus groups on the following categories: citizens, beneficiaries and partners.

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

A series of meetings between the region and a number of partners/stakeholders identified were held, to define the overall objectives of the programme. The stakeholders and partners have communicated to the regional authority their proposal concerning the priorities and strategies of the programme. The observations made by the partners have been accurately evaluated and taken into account. At the end of this process, the project was defined. The complete list of the partners consulted and the observations made and discussed is reported in the programme.

11. EQUALITY BETWEEN MEN AND WOMEN AND NON DISCRIMINATION

The equality between men and women has been taken into account in the elaboration of the programme. During the implementation phase, the issue will be considered in relation to the following aspects: definition of selection criteria, information and publicity. In the monitoring and evaluation phase, specific indicators will be settled and a specific evaluation methodology adopted.

The non discrimination principle will be also taken into account, in all the programming steps.

12. DESCRIPTION OF TECHNICAL ASSISTANCE OPERATIONS

Technical assistance (measure 511) finances the following operations: a) support to the preparation; b) support to the managing and implementation (analysis, preparation of MC meetings, elaboration of annual reports, etc.); c) support of the programme's monitoring; d) support to the programme's evaluation; e) support to the information activities; f) support to the control 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.

ANNEX

Measures	EARDF (a)	National (b)	Total (c=a+b)	Privatei (d)	Total cost (e=c+d)
111-Vocational training and information actions	11.009.270	8.137.287	19.146.557	-	19.146.557
112-Setting up of young farmers	14.373.636	10.623.992	24.997.628	-	24.997.628
113-Early retirement	2.788.187	2.060.834	4.849.021	-	4.849.021
114-Use of advisory services	18.695.107	13.818.123	32.513.230	8.128.308	40.641.538
115-Setting up of management, relief and advisory services	5.470.818	4.043.648	9.514.466	6.342.977	15.857.443
121-Modernisation of agricultural holdings	148.499.910	109.760.803	258.260.713	258.260.713	516.521.426
122-Improvement of the economic value of forests	7.433.913	5.494.631	12.928.544	10.577.900	23.506.444
123-Adding value to agricultural and forestry products	49.779.627	36.793.637	86.573.264	86.573.264	173.146.528
124-Cooperation for development of new products	1.857.541	1.372.965	3.230.506	3.230.506	6.461.012
125-Infrastructure related to the development and adaptation ...	148.600.082	109.834.843	258.434.925	-	258.434.925
126-Restoring agricultural production potential	-	-	-	-	-
131-Meeting standards based on Community legislation	7.518.945	5.557.481	13.076.426	4.358.809	17.435.235
132-Participation of farmers in food quality schemes	11.275.887	8.334.351	19.610.238	-	19.610.238
133-Information and promotion activities	5.636.677	4.166.240	9.802.917	4.201.250	14.004.167
141-Semi-subsistence farming	-	-	-	-	-
142-Producer groups	-	-	-	-	-
211-Natural handicap payments to farmers in mountain areas	50.138.976	37.059.243	87.198.219	-	87.198.219
212-Payments to farmers in areas with handicaps, other than ...	16.712.992	12.353.081	29.066.073	-	29.066.073
213-Natura 2000 payments and payments linked to Directive ...	-	-	-	-	-
214-Agri-environment payments	125.052.789	92.430.322	217.483.111	-	217.483.111
215-Animal welfare payments	14.218.316	10.509.190	24.727.506	-	24.727.506
216-Non-productive investments	19.653.177	14.526.261	34.179.438	-	34.179.438
221-First afforestation of agricultural land	32.104.647	23.729.522	55.834.169	13.958.542	69.792.711
223-First afforestation of non-agricultural land	6.590.834	4.871.486	11.462.320	2.865.580	14.327.900
224-Natura 2000 payments	-	-	-	-	-
225-Forest-environment payments	13.060.578	9.653.471	22.714.049	-	22.714.049
226-Restoring forestry potential and introducing prevention ...	73.928.519	54.642.818	128.571.337	-	128.571.337
227-Non-productive investments	38.184.812	28.223.557	66.408.369	-	66.408.369
311-Diversification into non-agricultural activities	19.528.664	14.434.230	33.962.894	22.641.929	56.604.823
312-Business creation and development	19.452.408	14.377.867	33.830.275	33.830.275	67.660.550
313-Encouragement of tourism activities	19.319.350	14.279.520	33.598.870	3.733.208	37.332.078
321-Basic services for the economy and rural population	19.393.580	14.334.385	33.727.965	-	33.727.965
322-Village renewal and development	58.421.365	43.181.009	101.602.374	8.320.475	109.922.849
323-Conservation and upgrading of the rural heritage	22.907.873	16.931.906	39.839.779	-	39.839.779
331-Training and information	3.329.110	2.460.647	5.789.757	-	5.789.757
341-Skills acquisition, animation and implementation of ...	-	-	-	-	-
411-Implementing local development strategies. Competitiveness	-	-	-	-	-
412-Implementing local development strategies. Environment/land	15.152.886	11.199.959	26.352.845	-	26.352.845
413-Implementing local development strategies. Quality of life	26.517.551	19.599.929	46.117.480	19.764.634	65.882.114
421-Implementing cooperation projects	2.165.872	1.600.862	3.766.734	-	3.766.734
431-Running the local action group, acquiring skills and ...	10.281.141	7.599.104	17.880.245	-	17.880.245
511-Technical Assistance	43.293.960	31.999.883	75.293.843	-	75.293.843
Totale	1.082.349.000	799.997.087	1.882.346.087	486.788.370	2.369.134.457