

Working Document

Member State/Region Italy / Umbria

I. DESCRIPTION OF THE RURAL DEVELOPMENT PROGRAMME

1. TITLE OF RURAL DEVELOPMENT PROGRAMME

Programma di sviluppo rurale per l'Umbria 2007-2013

2. MEMBER STATE AND ADMINISTRATIVE REGION

The plan covers the entire territory of the Region Umbria (NUTS 2). The region is not a "convergence" objective.

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

3.1. Situation in terms of strengths and weaknesses

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

(1) Importance of regional rural areas¹

Regional territory covers 8.456 sq/Km. Inhabitants are 867.000 (1.5% of national population).

The region is divided into two provinces (Perugia and Terni) and 92 communes.

Two types of **rural areas** according to the method proposed in the NSP have been identified:

“Rural areas with development problems” (D rural areas) comprise 29.2% of the regional territory and 16% of the population. The territory is covered by mountainous areas. There are 24 communes in the areas.

“Intermediate rural areas” (C rural areas) comprise 70.7% of the regional territory and 94% of the population. It is occupied by hilly areas. 68 communes belong to this area.

The two main Communes in the region (Perugia and Terni) are also being considered "rural" being more than 2/3 of their territory "rural areas".

¹ **Context indicators:** n.1 (Designation of rural areas), n.2 (Importance of rural areas)

Rural areas	Inhabitants	Surface (sqKm)	Population density Inhabitants/sqKm
Rural areas with development problems	134.784	2.476,02	54,43
Intermediate rural areas	691.042	5.980,02	115,55

The **soil cover**² is being described as follows:

Other areas		Farm land		Forests and HNV areas		Wet areas		Rivers and lakes		Natura 2000 sites	
Ha	%	Ha	%	Ha	%	Ha	%	Ha	%	Ha	%
26.037	3,1	434.436	51,4	368.079	43,5	859	0,1	14.563	1,7	119.850	14,2

(2) **Demography**³

Demography is characterized by the following main features: **low density population** (100 inhabitants/sqkm), **ageing** (over 65 people are about 23.1% of the population with a high proportion of women), 50% of the regional population is living in 6 communes with a number of inhabitants higher than 30.000 each, most of the communes (roughly 50%) have around 3.000 inhabitants each. **Out migration** combined the ageing problem more acute in the inner (D areas) disadvantaged areas. This means the illiteracy rate is growing due to higher proportion of elderly people. One fifth of the jobs in the region are being taken by **immigrants**.

² **Context baseline indicator:** n. 3 (Agricultural land use)

³ **Context baseline indicators:** n. 18 (Age structure), n. 22 (Educational attainment) **Objectives baseline indicators:** n. 34 (Net migration)

(3) Economy and labour market⁴

The positive trends towards an increase of the regional richness (2.8% increase in 2004 compared to previous years) is due to the good performance of the tertiary and construction sector. Primary and industry sectors decreased. **Gross domestic product (GDP)** expressed in purchasing power standards (in years 2001-2003) is €22.758/capita (national: €23.099, EU-25 average: €21.173). Added value in agriculture decreased in 2005 of about 9% against a very strong performance (+22.6%) in 2004.

Employment rate: 61.6% (population 15-64 yrs); 51% of women and 30% young people (15-24 yrs) are at work. 84.25% of the employments is in C rural areas and 15.74% is in D rural areas. **Unemployment** (population of 15-64 yrs) rate is about 6.1% (7.7% at national and 8% at EU levels); 8.8% of women and 18% of young people (15-24 yrs) are unemployed. A positive trend has been recorded insofar as the **female** jobs and **immigrants** are concerned.

Regional **Gross Added Value (GVA)** is shared as follows: 3% (436 Meuro) in agriculture, 24.2% (3.354 millions Euro) in the secondary sector and 67.2% (13.856 Meuro) in the tertiary sector.

Vocational **training** amongst holders is quite low having 1.211 farmers (2.2%) received and 1.950 (3.6%) of farmers received respectively *full agriculture training* and *basic agricultural training*. Therefore most of farmers have only practical agricultural experience.

Infrastructures have been analysed in relation to mobility, accessibility and DSL connection. IT is not developed insofar as rural families are concerned. Industries have no easy access to broad band connection. Roads, rail roads, airports are to be improved in order to increase the accessibility to the regional economy and to improve the mobility of the regional population.

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

(1) Agriculture⁵

Of the 642.500Ha of Total Agricultural Area (TAA), 367.141Ha (57.1%) Utilized Agriculture Area (UAA) is broken down as follows: 64% arable land, 22.6% permanent pasture and 13.5% permanent crops.

⁴ **Objective baseline indicators:** n. 1 (Economic development), n. 4 (Training and education in agriculture), n. 5 (Age structure in agriculture), n. 6 (Labour productivity in agriculture), n. 9 (Economic development of the primary sector)

⁵ **Objective baseline indicators:** n. 6 (Labour productivity in agriculture), n. 7 (Gross fixed capital formation in agriculture), n. 8 (Employment development of primary sector), n. 9 (Economic development of primary sector) **Context baseline indicators:** n.4 (Farm structure)

Rural areas	Farms	TAA Ha	TAA (average)	UAA (Ha)	UAA (average)
Rural areas with development problems	11.044	180.462	16.3	95.745	8.7
Intermediate rural areas	46.109	462.030	10	271.396	5.6
Total	57.153	642.492	11.2	367.141	6.4

UAA is broken down as follows:

Land utilisation (hectars)											
Arable land(1)		Grassland Ha(2)		Permanent crops(3)		Total(4) (1,2,3)		Forests(5)		Others (6)	Total(4,5,6)
Ha	%	Ha	%	Ha	%	Ha	%	Ha	%		
234.545	36,5	83.081	12.9	49.516	7.7	367.141	57.1	236.640	37	38.711	642.492
Arable land: cereals, horticulture, fodder, oil seeds, sugar beats											

The agricultural sectors are shared as follows: 36.5% arable (cereals, oil seeds, fodder) crops, 7.7% permanent crops (4.9% olive trees, 2.2% viticulture, 0.5% fruits). The main agricultural outputs are: **cereals** (113.872Ha), **fodder** (43.151Ha), **horticulture** (1.973Ha), **vineyards** (31.692Ha), **olive-oil** (31.592Ha) and **fruits** (2.895Ha). 271.937ha of UAA are in C rural areas and 95.304 in D rural areas.

There are about 57.150 (367.141 in C rural area, 11.040 in D rural areas) farms with an average farm size (6.52Ha in C rural areas, 8.9Ha in D rural areas) of roughly 6.4Ha (national average: 6.7Ha). The total farm number and the farm size tend to decrease over the last 10yrs. The regional **farm size** is twofold: there is a number (32.790) of small sized farms (less than 1Ha of UAA) which represents 57% of the total farm number and medium-large sized (more than 20Ha of UAA) farms that are representing 5.8% of the total farm number which are farming approximately 165.000 Ha (45%) of the regional UAA. The average farm income in the region is about 6ESU, far below the threshold fixed for professional farm (12ESU). However the farms at the edge of **viability** (~2ESU) are approximately 62.9% of the total farm number.

Jobs in agriculture: 13.000 workers 3.6% of the jobs in the region (4.240 women, 5.590 employees, 9.150 **self-employees**) in the primary sector. Self-employees prevail. **Annual Work Units (AWU)** in agriculture: 27.309 units (22.048 AWU in C rural areas, 5.260 AWU in D rural areas).

Gross saleable products (GSP): 678 Meuro⁶; 26.6% cereals, 14.1% industrial crops (tobacco, oil seeds), 10% meet (pork meet and meet products), (13.7%) (poultry and eggs). **Quality products;** olive oil (6.7%) and wine (7.4%),

Labour productivity in primary sector is higher than national average; € 23.557 (AV/AWU), €33.825 (AV/farmer).

In 2000-2005 Added value decreased considerably (30%) reaching 385 Meuro in 2005

Age structure in agriculture: there are 6.930 (67.71%) farmers over 55 yrs of age and 2068 (3.79%) farmers less than 35 yrs of age.

Gross fix capital formation in agriculture is lower than national average; that witnesses for low tendency to make investments for modernisation and innovation (€380/€1000 VA in 2004).

Quality products are being produced. Moreover organic, traditional and specific products witness for a high vocation in the region to produce quality products.

(2) **Food industry**⁷

There are 1.234 **units**; **GVA** in the secondary sector is about 400.3 Meuro.

Jobs: there 9.020 (7.700 in C rural areas and 1.320 in D rural areas) employees in the food sector corresponding to 9.200 **annual work units** (AWU).

Small medium sized enterprises are mainly processing mainly olive-oil, wine, meet (pork, beef), tobacco, bakery products, dairy and animal feeding stuffs.. 75.6% of enterprises employee 2-5 workers. The tendency is towards a decrease in the number of worker/unit.

Good integration in the production chains exist in the oil, meet and cereals (partly) sectors. The other sectors are undermined by a low tendency to aggregate in organised food chains.

Labour productivity (GVA/employee) in agri-food sector is about €37.500.

In 2002-2004 the agri-food VA account (average) for 400 Meuro.

⁶ GSP is broken down as follow: 50% plant crops (cereals, tobacco, vegetables, fodder, flowers); 15%; permanent crops (grape, olive fruits,) 35% products of animal origin (pork, poultry and rabbit, beef, ovicaprine)

⁷ **Objective Baseline Indicators:** n.10 (Labour productivity in food industry), n.11 (Gross fixed capital formation in food industry), n. 12 (Employment development in food industry), n. 13 (Economic development in food industry)

Gross fix capital formation in agriculture is low; that witnesses for low tendency to make investments for modernisation and innovation (128,4 million in 2002-2004; €54.700/unit).

(3) Forestry⁸

Forests cover 264.379 Ha (66% in C rural areas, 34% in D rural areas), which means 29.3% of the regional territory. Short rotation forests (oaks) prevail in the region; timber forests cover is the lowest in the national context. The main output in the forestry industry is wood for energy production (91%), whilst wood for construction is no actually relevant. There are 22.708 forestry units (230.849Ha) with 10Ha of forest each; however 62.36% of the forest enterprises have more then 100Ha each. Arboriculture (poplar) covers 6.342Ha (2.4% of the forest cover) and are mainly (4.757Ha) located in C rural areas.

Wood products are about 1.4 m³/ha, whereas the wood increase is about 3m³ ha. In 1993-2000 95.5% of wood was used for energy production and 9.5% for constructions.

Labour productivity in forestry is about €10.060/worker.

AGRI-FOOD SECTOR and FOREST IN RURAL AREAS

In **D rural areas** the structural and economic problems in agriculture are due to the high economic dependency on agriculture, increasing ageing of farmers, out-migration, high fragmentation of production, low tendency to valorisation of the quality, non viable farming. Low labour productivity is peculiar of the farming activities based on extensive production of cereals and livestock. However 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 and reverse the tendency towards the abandonment of farming activities. Forests and permanent pasture characterize the environment and are the basis for rural economic activities. Structural and economic weakness undermines productivity of food industry that works (although food industry is not significantly represented) mainly in the livestock sector.

More vibrant agriculture activities are present in **C rural areas**. 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 still possibility for development than in rural area D. Productive sectors are specialized and economically well performing even if there still is room for improvement mainly in quality production (live-oil, viticulture). Cereals, tobacco and animal products (pigs, poultry, eggs)

⁸ **Context baseline indicators:** n.5 (Forestry structure), **Objective baseline indicators:** n. 14 (Labour productivity in forestry)

production are carried out intensively and are the most significant agricultural activities. Multifunctionality in agriculture is still 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 production is significantly oriented towards food quality production. Despite the presence of a number of professional farm competitiveness is to be improved with the implementation of innovative technological methods. Food industry is performing well and a wide range of quality products nationally/EU recognised is traded locally and nationally.

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 management⁹**

Natura2000 sites cover an area of about 119.850ha. There are 99 SCI (109.673Ha) and 7 SPZ (46.741Ha). The statutory requirements and the interventions planned by the region are aimed at preservation of biodiversity which showed a declined over the years. Management plan of the sites are not set down yet. Special conservation provisions are in place in order to protect the sites. **Farmland with high nature value** (HNV) associated with a wide degree of biodiversity is also present. (of 506.521Ha, 379.326ha are in C rural areas and 127.194Ha in D rural areas). HNV farmland is associated with pasture/grassland, agro-forest and with areas where extensive agriculture is practiced.

⁹ **Context baseline indicator:** n. 7 (Land cover), n. 8 (LFA), N.9 (areas of extensive agriculture), n. 10 (Natura 2000 areas), n. 15 (Water use), n. 16 (protective forests), n. 24 (Production of renewable energy from agriculture and forestry),

74.8% of the region is classified as **disadvantaged** (33% mountainous areas and 41.8% other disadvantaged areas). The disadvantage conditions interfere 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. Moreover slopes are present on 92.4% of the disadvantaged territory and only 7.6% is flat (highlands). Compensatory Allowances are paid mainly for surfaces devoted to pastures and cereals.

Birds species related to **farmland bird population** (present in the region) do not seem to be under threat.

In term of composition of **forests**, broadleaved species represent 93.2%, conifers 3.31% and mixed conifers/broadleaved forests about 3.48%.

Water availability is not a problem since the total quantity of water covers the actual needs for agricultural proposes. However the irrigation network covers the cover 23% of the UAA (about 13.000 holdings) mainly in the C rural areas and interventions are envisaged to improve irrigation systems even in the light of implementation of the Water Framework Directive. Irrigation infrastructures are very limited in D rural areas. **Water quality** is not critical. The regional authorities classified 9.03% of the UAA as NVZs of **nitrates**, of which 85% are in C rural areas. Chemical nutrients (Phosphorous, Potassium) are declining in water, whilst Nitrogen from inputs (nutrients) and manure/slurry fertilization is still relevant. 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.

A high proportion of the regional territory (42.1% of D rural areas and 30% of D rural areas) is under threat of landslides and **soil erosion**.

25.000ha (year 2005) are farmed according to **organic farming**. In the same year there are 424 holding under “conversion” of 22.000Ha. There are 1.551 organic farms which are mainly located in C rural areas.

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 and fertilizers. 7.215t have been realised in 1999 (1.6% of the 419 Kt allowed to be realised by Italy). Carbon dioxide (CO²) of agricultural origin is not as relevant as carbon dioxide deriving from other sources (transport sector, energy production). However afforestation contribute to carbon sink effect absorbing 75.000t/year. GHGs of agriculture origin that are affecting air quality are methane (about 57.000t) and nitrogen protoxide (1.250t). Emissions of both elements are still relevant.

A strong contribution to the improvement of air quality could come from utilisation of biomass for energy production. In 2003 434 kTOE and 1.153 kTOE were produced from agriculture and forestry. The analysis underlines that the potential of energy production from **renewable sources** is about 354

kTOE deriving from 1.100.000 t of biomass. Wood biomass is a concrete possibility for energy production that needs to be improved.

ENVIRONMENT and LAND MANAGEMENT IN RURAL AREAS

Due to intensive agriculture practised in C rural areas water management, water pollution by nitrates, pesticides, and the emission of greenhouse gases are issues to be addressed. Protected areas are less significant than elsewhere and forestry is not economically significant. In D rural areas extensive agriculture and high natural value farmland are present and need to be preserved. Protected areas are important, as they cover more than 62% of the total protected territory. Natural areas are important, and forests, mainly broadleaved, play an important role for the protection of biodiversity, soil and water. 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 relation to soil consolidation and erosion
- (4) To improve multifunctionality of agricultural activities to preserve landscape and environment

• **Rural economy and quality of life¹⁰**

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

- Low incomes, low levels of education and employment.
- Overall the secondary and tertiary (tourism) sectors are important both in terms of employment and GVA in C and D areas. The primary sector is

¹⁰ **Context baseline indicators:** n. 19 (Structure of the economy), n. 20 (Structure of employment), n. 21 (Long-term unemployment), n. 22 (level of educational attainment), n. 23 (Infrastructure internet)
Objective baseline indicators: n. 28 (Employment development in non- agricultural sector), n. 30 (self-employment development), n. 33 (Development of services sectors), n. 35 (life-long learning in rural areas)

highly significant in both C and D. Greater dependency on agri-cultural activities exist in D rural areas then in C rural areas.

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

Tourism is well developed and is taking advantages by the opportunities offered by the natural, historical, cultural, religious heritage available in the region. **Agri-tourism** still offers concrete opportunity for diversification. . That can combined with the encouragement of the production of quality agricultural products and traditional handicrafts that can contribute to attract tourist in the rural areas.

Accessibility infrastructures and **services** (to enterprises and population) are lagging behind in both C and D rural areas. . The **incidence of services** is higher in C rural areas and a gap exists with D rural areas making the regional situation unbalanced. Difficulties to have access to services for enterprises and population are due to weak mobility infrastructures manly in the remotest (mountainous) D rural areas. Availability of biomass from forestry gives the opportunities for diversification into non-agricultural activities related to energy production from renewable resources.

In order to promote the socio-economic development of rural areas, **human capital** is a key issue. Rejuvenation is a key issue in regional rural areas. Aging of rural population is a limiting factor for economic development due to less will in elder farmers for diversification and innovation in sectoral and non-agricultural sectors. 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 other disadvantaged areas is also reflected in term of availability of broadband connection.

Diversification is a key issue also in relation to alternative source of income to be made available to the **tobacco**¹¹ grower who intend tp exit the sector as result of the OCM reform.

¹¹ The analysis highlights that tobacco produced in the region (Alta Valle del Tevere) 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. However it has been stressed in the analysis that there would be producers that will not be in the position to afford the market reorganisation and not able to maintain their economic viability. The common organisation of the market of raw tobacco (Council Regulation n°2075/1992) contains provision on the

DIVERSIFICATION AND QUALITY OF LIFE IN RURAL AREAS

The analysis of rural areas highlighted that there are not significant differences between rural areas in term of socio-economic conditions even if D rural areas suffer more for higher dependency on agriculture and for being poorer in term of infrastructure and services to population and enterprises. Agricultural activities in D rural areas do not always ensure viability to farmers that need to diversify in order to improve their income. In term of accessibility and basic services, D rural areas need for interventions that will bridge the gap with other parts of the region and ensure improvement of the quality of life and avoid out migration inside and outside the region. C rural areas can take advantages from intensive and better organised rural activities. However farmers that are not living in the peri-urban areas, are also in need for interventions that would improve their living conditions giving the opportunity for diversification of the economic activities and enhancing accessibility to services useful for people and enterprises. Tourism still offers opportunities of diversification in both C and rural areas.

NEEDS

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 and increase broadband coverage in rural areas

Community Tobacco Fund (CTF), with which reversion 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 (already committed) 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 (130 Meuro deriving from the Tobacco CMO have been allocated to Umbria) to the rural development policy. The program analyses the reversion 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.

3.2. Strategy chosen

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 (measure 112).

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.

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 estimated impacts for the RDP are:

Indicator	Measurement/unit	Target
Economic growth	Net added value (EUR Million)	1.088,5
Employment creation	Net jobs created	31.300
Labour productivity	Change in gross added value per labour unit in full time equivalent	€4.028/
Reversing biodiversity decline	Change of biodiversity trend (% of selected farm birds species index)	3.91%
Preserving agricultural and forestry land with high natural value	Change in area of high nature area (thousand hectares)	50%
Improvement of water quality	Change in nutrient balance (N) in %s	-42

Fighting climate change	Increase in energy production from renewable energies (kt/oil equivalent)	682,351
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The financial weight of the axis 1 is 41.2% (including Leader)

The repartition of resources gives more emphasis to **physical capital** (72.5%) followed by **human capital** (14,3%) and **quality** (13,2%). In terms of measures, the situation is the following: insofar as **physical capital** is concerned, 22,0% goes to financing actions for modernisation of agricultural holdings and improvement of infrastructures related to development and adaptation of agriculture and forestry, and 24,7% to adding value to agricultural and forestry products; insofar as **human capital** is concerned, 6,5% goes to financing actions for rejuvenation (Young farmers), 2,1% to training and 3,1% to advisory services; insofar as **quality** is concerned meeting standards, participation in the quality schemes and promotion absorb the 8.6% total allocation.

The financial weight of the axis 2 is 44.3% (including Leader)

The repartition of resources gives the highest rate to **environmental action on agricultural land** (75,8%) followed by **environmental action on forestry land** (24,2%). In terms of measures, the situation is the following: insofar as **environmental action on agricultural land** is concerned 64.2% goes to financing agro-environment actions and 8,4% to financing Compensatory Allowances for natural Handicaps and socio-economic disadvantages. Biodiversity and Natura2000 payments will be supported by only 0.1% of the allocation. Insofar as **environmental action on forestry land** is concerned priority is being given to non productive investments and first Afforestation of agricultural land with respectively 5,8% and 14,0% of the allocation.

The financial weight of the axis 3 is 14.4% (including Leader).

The repartition of resources gives the highest rate to **economic development** (70,0%), followed by **quality of life** (30%). In terms of measures, the situation is the following: insofar as **quality of life** is concerned priority is given to the improvement of the attractiveness of rural areas with 22,2% and upgrading of the rural heritage with 7,8% of the allocation; insofar as **economic development** is concerned the most of allocation will serve to diversification into non-agricultural activities.

3.3. 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.

3.4. Impact from the previous programming period

In 2000-2006 support to rural development policy came from RDP, and Leader+.

The financial resources allocated in 2000-2006 to RDP amounts at 179.6 Meuro.

The main results/impacts deriving from the implementation of these 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.

4. AXES AND MEASURES

Cross-compliance is being implemented according to provisions set down in Reg. (EC) 1782/03.

The **methodology for calculations** of income forgone and extra costs is guaranteed. Validation of calculation was made by the University of Agriculture in Perugia.

Carry over of resources from the 2000-2006 period amounts to 55,81 Meuro (EU contribution).

4.1 - AXIS 1

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

Objectives: to equip farmers, foresters and people dealing with food with skills necessary for career in farming, forestry activities and agro-food and to improve competitiveness and sustainability of agriculture and forestry through range of training and information actions.

Activities: action a): information: spreading information on CAP by means of meetings, seminars and the utilisation of multimedia information material. *Beneficiaries:* the Region; action b): training by means of 4 sub-actions: b1) courses, seminars, conferences addressed to farmers, foresters, farm workers to improve their knowledge on technical, economic and management issues in the agricultural, forestry and agri-food sectors. *Beneficiaries:* accredited training bodies, the Region (training

on prevention of forest fires); b2): acquisition of knowledge on the technical and scientific issues. *Beneficiaries:* Region, b3): purchasing by farmers of training packages (e-learning) from the market. *Beneficiaries:* farmers, foresters, agri-food operators; 4): individual (tutorial) training: to facilitate acquisition skills on specific topics. *Beneficiary:* farmers, foresters.

Target area: the whole Region

Aid intensity: actions a): up to 100% of eligible expenditure; action b1: up to 100% of eligible expenditure (max. € 60.000 per intervention), action b2: up to 100% of eligible expenditure, action b3: 70% of admissible expenditure (max. € 1.600 per beneficiary), action b4): up to €2.500 per holding.

Budget: 2.8 Meuro (€6.3 Meuro total public).

Outputs: 2.120 participants, training 106.750 days

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

Objectives: to valorise young farmers and modernise farms managed by young farmers, to boost economic efficiency of farming.

Activities: interest rate subsidy and/or single premium for setting up and implementing a business plan.

Definition of setting-up: to get responsibility/co-responsibility of a farm (as a sole head of holding or equivalent); establishing a business plan to be implemented during 36 months from individual decision for support (if mentioned in the business plan).

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.

Beneficiaries: farmers aged 18 to 40 yrs who possess adequate skills/competence, present a business plan and are setting up for the first time as head of the holding.

Target area: the whole Region; priority is given to D rural areas

Amount of support: interested rate subsidies related to max. €40.000 capital investment. Premium could be made up by 50% of interest rate subsidies (related to max € 20.000 of capital investment) and 50% as payment of a premium. **Budget:** 8.68 Meuro (19.74 Meuro total public)

Outputs: 500 settings up, 19. Meuro of total investments

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

Objectives: to promote the participation of farmers and foresters in the advisory system, in order to competitiveness and respect of cross compliance and work safety conditions.

Activities: provision of advisory services to cover topics in articles 4 and 5 and annexes III and IV of Reg. (EC) 1782/2003, work safety conditions and other issues related to economic improvement of the holding.

Beneficiaries: farmers/foresters.

Target area: the whole Region; priority is given to D rural areas

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 kept updated regularly by the region.

Level of support: 80% of eligible expenditure within max of €1.500 per advisory service.

Budget: 4.14 Meuro (9.41 Meuro total public).

Output indicator: 4.200 beneficiaries

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

Objective: Setting up of management, relief services and advisory services for the farm and forestry sectors. The objective is to improve farm and forest holdings management, increase labour productivity and create employment.

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

Eligible expenditure will cover: establishment costs, personnel costs, purchase or lease-purchase of equipment, general costs and bills.

Beneficiaries: action 1) advisory services approved by the Region; action b): farmers and foresters associations.

Target area: the whole Region

Aid intensity: max €600.000) paid out on digressive way from 100% the first year to 20% in the fifth year. “De minimis” state aid regime is applied.

Budget: 3.48 Meuro (7.9 Meuro total public)

Output indicator: 13 new services

4.1.5. *On-farm investments (article 26 of R. 1698/2005-code 121):*

Objectives: modernisation/improvement of productive sectors with chance of improving income; guiding production in line with foreseeable market trends, encourages new outlets for agricultural products; improve production, handling & preparation of agricultural produce; facilitate adoption and application of new technology.

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 (less than 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 investments: Business plan should detail all types of investments (creation/improvement of buildings for animal husbandry, creation/improvement of buildings/premises for processing, and marketing agricultural products in the farm, acquisition/improvement of technological structures, machineries, technological equipment; intervention for saving water (irrigation) and energy, investments to produce energy-less than 1 MW- from renewable sources to be used in the farm, short rotation coppice, and licences, patents, software), specifying the added value expected from the implementation of actions; overhead costs up to 12% of the admissible investment.

Targeted productive sectors: meat, cereals, wine, olive-oil, fruit and vegetable, tobacco sectors are 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

Beneficiaries: all eligible farmers who present a business plan.

Newly introduced Community standards (standards to be met within 36 months from date of adoption of provision making standard compulsory) are Directive 91/676/EC, Directive 96/61/EC, Regulation (EC) 852/04, 853/04, 854/04, 882/04, Directive 2002/99 and Regulation (EC) 183/05.

Target area: the whole Region

Intensity aid: *farmers:* 50% in disadvantaged areas, 40% anywhere else; *young farmers:* 60% in disadvantaged areas, 50% anywhere else.

Budget: €29.4 Meuro (€66.83 Meuro total public)

Output indicator: 1.050 holding supported, 230 Meuro of total investments

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

Objectives: increase the productivity and the economic value of (productive) forests equipment to be used by forest owners/forest enterprises to work wood in the forest.

Scope & actions: action a): equipment/installation for energy; action b) investments linked to the forestry holdings for first processing; action c) construction/improvement of forest roads and other infrastructures; d) restructuring of forests in order to improve the quality of wooden material and valorisation of certain type of wood.

Beneficiaries: private and public forestry holders and their association.

Requirements & targets: eligible forests must be above 100 hectares.

Types of investment: investments linked to forest productivity improvement, machinery and infrastructures intended for wood processing in the forest, equipment for energy production, forestry certifications (FSC, PEFC) only if linked to project to be financed. .

Aid intensity: 60% in disadvantaged areas (including Natura2000 sites) up to max € 100.000 for action b) and €5.000 for action c); 50% anywhere else.

Budget: €6.15 Meuro (13.97 Meuro total public).

Output indicator: 280 beneficiaries, 25.5 Meuro of investments

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

Objectives: to increase added value of agricultural and forestry products by means of investments intended to rationalize and improve the processing and marketing conditions.

Scope & actions: a): adding value to agricultural products; b): adding value to forestry products

Types of investments (material and immaterial) will be: a) construction, acquisition or improvement of immovable property; b) b) purchasing of new machinery, equipment; c) overhead costs.

Target area: the whole Region

Newly introduced Community standards (standards to be met within 36 months from date of adoption of provision making standard compulsory) are: Regulation (EC) 852/04, 853/04, 854/04, 882/04, Directive 2002/99 and Regulation (EC) 183/05.

Targeted productive sectors eligible for investments in agriculture are: meet, cereals, wine, olive-oil, fruit and vegetables. 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.

Beneficiaries: 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.

Aid intensity: action a) 40% of the eligible costs , 20% of the eligible cost for enterprises with less than 750 employees (or less €200 million/year) processing and marketing products of Annex I of the Treaty. action b): 40% of the eligible costs. “De minimis” regime is applied to action b)

Budget: 32.98 Meuro (74.95 Meuro total public).

Outputs indicator: 250 holding supported, 185 Meuro of investments

4.1.8. 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 aiming to the diffusion of product/process technological innovation.

Operations should be targeted on testing new processes and products and innovative procedures.

Scope& actions: development of new process, products and technologies.

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

Target area: the whole Region

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

Aid intensity: 100% of eligible expenditure

Budget: 8.43 Meuro (19.17 Meuro total public).

Output indicators: 70 cooperation initiatives supported

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

Objectives: The development and adaptation of infrastructures will concentrate on the following actions: improvement of accessibility to farms and forests (action a), energy distribution network (action b), and water management infrastructures (action c)

Actions: action a): realisation and improvement of rural roads, action b):realisation/improvement of energy distribution network (deriving preferably from biomass)action c): realisation/ improvement of water distribution systems of irrigation and water supply purposes and

Beneficiaries: action a): mountains communes, private-public partnership, consortium; action b): farmers and foresters associations public bodies; action c): the Region, farmers and foresters association, and consortium.

Target area: the whole Region. Priority is given to D rural areas for actions a) and b).

Aids intensity: action a): 100% for communes, 75% for other public bodies, 70% for consortium, 60% for private beneficiaries; action b): 60% action c): 100% for public beneficiaries, 60% private beneficiaries.

Budget: 10.17 Meuro (23.12 Meuro total public).

Output indicators: 75 initiatives supported, 28 Meuro of total investments

4.1.10. Reconstitution of the agricultural potential damaged by natural disasters and implementation of actions to prevent those damages (article 30 of R. 1698/2005-code 126)

Objectives: The objective of the measure is to compensate farmers for damages occur in relation to natural disasters.

Beneficiaries: farmers, public bodies

Actions: investments to reconstitute agricultural potential damaged by natural disasters

Target area: the whole Region.

Aid intensity: up to 100 of the eligible cost/investment

Budget: 9.8 Meuro (22.33 Meuro total public).

Output indicators:, 27 Meuro total investments

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

Objective: The measure aims at facilitating the implementation of Directive 91/676 (Nitrate directive). This measure will facilitate farmers to comply with administrative provisions related to the implementation of this directive which has been transposed in April 2006 into the Italian law by ministerial decree 7/4/2006.

Description of operations: setting down of the plans and communication foreseen in the national regulation implementing the Nitrate directive.

Beneficiaries: farmers in NVZs

Targeted area: NVZs

Aid intensity: max. €4.500/holding/year.

Budget: 6.09 Meuro (13.84 Meuro total public).

Output indicators: 1.760 holdings supported

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

Objectives: The measure is aiming at facilitating the participation of farmers in food quality schemes providing consumers with assurances on the quality of the products or the production process used, to achieve added value for agricultural products and to enhance market opportunities.

Actions: support for participation by farmers in the recognised quality schemes.

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

- Geographical indications and designations of origin for agricultural products and foodstuffs (Council Regulation 509/2006): 6 products
- 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): 13 wines
- Products with quality labels officially recognised by the Region and respecting the conditions set down in article 22(2) of R. (EC) 1974/2006- (IGT Umbria wines)

Targeted areas: the whole regional territory

Aid intensity: max. 3.000/a year for maximum 5 yrs

Budget: 5.7 Meuro (13.10 Meuro total public)

Output indicators: 1.760 agricultural holdings supported

4.1.13. 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.

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 132.

Targeted areas: the whole regional territory

Aid intensity: 70% of eligible costs.

Beneficiaries: produces groups participating in the food quality schemes

Budget: 5.8m Meuro (13.22 Meuro total public)

Output indicator: 330 supported actions

4.2. AXIS 2

[UN UPDATE OF THE AXIS II MEASURES WILL BE PROVIDED AT THE RURAL DEVELOPMENT COMMITTEE]

4.3. AXIS 3

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

Objectives: The aim of the measure is to promote farm diversification towards non agricultural activities such as rural tourism, social and recreational activities, craft and energy supply in the farm.

Scope: to sustainable tourism , creation of social/recreational services, energy production from renewable sources, development of agri-tourism, development of shops/hand crafts activities .

Actions: action A): investments in the farm in relation to agro-tourism, creation of social/educational/ recreational activities; action B): marketing of local products and starting up of ancient local/traditional jobs (crafts); action C): energy production in the farm(less then 1Mw output) from renewable sources to be supplied outside the farm .

Operations to be supported: action A) creation/renovation of immovable properties in the farm investments and acquisition of material/equipment related to the accomplishment of the objectives; action B) restoration of immovable properties and acquisition of machinery/equipment related to the accomplishment of the objectives; action C) renewable energy production: acquisition of machinery and equipment for energy production and supply. Overhead costs: max 12%

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

Target area: all the region (with the exclusion of Perugia and Terni cities and other urban areas where ERDF could intervene); priority will be given to D rural area

Aid intensity: up to 60% of eligible costs within the limit fixed in the "de minimis" State aid.

Budget: 12.7 Meuro (28.90 Meuro total public)

Output indicator: 520 agricultural holdings supported, 48.17 Meuro of total investments, 700 new jobs created.

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

Objectives: The measure will supports micro-enterprises in order to develop local economy, **in the aim of** alteingr depopulation in rural areas, positioning rural areas to provide economic activity to attract people to live and work there and encourage female employability..

Actions: Action A): provide accommodation in touristic areas action B) disposal of by-products deriving from the agri-food sectors; action C): creation of micro enterprises engaged in the utilisation of renewable energies.

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

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

Target area: all the region (with the exclusion of Perugia and Terni cities and other urban areas where ERDF could intervene); priority will be given to D rural area

Aid intensity: 80% the 1st year (60% the 2nd year and 40% the 3rd) of eligible costs within the limit fixed in the "de minimis" State aid.

Budget: 4.3 Meuro (9.8 Meuro total public).

Output indicator: 120 micro-enterprises, and 220 new jobs created

4.3.3. *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 provision of necessary infrastructure for reception and information of visitors and tourists, promotion and development of the countryside as a recreational resource for all.

Actions: creation/improvement of tourism infrastructures; promotion of rural tourism; tourism information; tourism promotion linking the regional reception/accommodation availability to cultural, heritage, artistic, eno-gastronomic regional assets.

Operations to be supported:, use of innovative communication technologies to promote/offer tourism package, leaflets, other material to inform on/promote tourism.

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

Target areas: the whole Region (with the exclusion of Perugia and Terni cities and other urban areas where ERDF could intervene)

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

Budget: 4.0 Meuro (9.10 Meuro total public).

Output indicator: 110 actions micro-enterprises, 10.11 Meuro of total investments and 200 new jobs created

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

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

Actions: action a): support for local public market; action b): improvement/spreading the use of local ICT capacity/technology; action c): creation of local services for rural development; action d): public installations intended for energy production from biomass to be locally supplied; action e): improvement of small scale accessibility infrastructures (roads)

Operation to be supported: action a): infrastructures related to functioning of public local markets and halt commercial desertification; action b): acquisition of hardware and software, creation of telecommunication networks; ~~action e): intangible investments (studies, databases);~~ action d): installation and equipment for energy production; action e): investments related to small scale infrastructures (roads).

Beneficiaries: action a): local administrative bodies, public-private partnership; action b): public bodies; action c): Region; action d): public bodies; action e): Communes

Targeted areas: The whole region (with the exclusion of Perugia and Terni cities and other urban areas where ERDF could intervene); priority will be given to D rural area

Aid intensity: action a): decreasing contribution over three yrs (80%, 60%, 40% up to max ceiling of €100.000 according to the type of action); action b): up to 80%; action c) and d): up to 100%; action e): up to 75%.

Budget: 2.3 Meuro (5.3 Meuro total public)

Output indicators: 360 actions supported, 6.1 Meuro of total investments

4.3.5. 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 maintenance restoration of ancient buildings in villages located in areas relevant for cultural, historic, religious reasons.

Operations to be supported: maintenance /renovation of ancient buildings in rural villages. Rural villages have been defined as villages with less than 3.000 inhabitants

Beneficiaries: private, local administrative bodies

Targeted areas: the whole region (with the exclusion of Perugia and Terni cities and other urban areas where ERDF could intervene) priority will be given to D rural area.

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

Aid intensity: 60% (public beneficiaries); 50% (private beneficiaries)

Budget: 4.3 Meuro (9.8 Meuro total public)

Output indicators: 20 actions supported, 16.18 Meuro of total investments

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

Objectives: 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): drawing-up of protection and management plans related to Natura 2000 and HNV zones; , b) increase population awareness about the importance of rural heritage; d) promoting conservation and upgrading of rural structures/buildings with an historical/cultural value and facilitate fruition by public of rural heritage;

Operations to be supported: action a) and b): activities related to drawing up management/conservation plans; action c): activities to increase awareness amongst the population of the natural value available in the region (seminar, public events, and other information material); action d): repair/maintenance of buildings to be used for cultural purposes (theatre, museum, exhibitions, cultural centres) , **Target areas:** Natura2000 sites and other protected areas, the whole region (with the exclusion of Perugia and Terni cities and other urban areas where ERDF could intervene); priority will be given to D rural area.

Beneficiaries: Public administrations (Region, provinces and communes), officially recognised management bodies of the protected sites.

Aids intensity: up to 100% of eligible expenditure .

Budget: 2.3 Meuro (5.3 Meuro total public).

Output indicators: 60 actions supported, 6.04 Meuro of total investments

4.3.7. *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. It is implemented under Leader approach. **Actions:** training courses, seminars, informative meetings related to the activities supported by measures 311, 312, 313 and 321.

4.3.8. *A skills-acquisition and animation measure with a view to preparing and implementing a local development strategy (article 59 of R. 1698/2005-code 341):*

Skills acquisition is envisaged for the rural actors involved various measures under axis 3. It is implemented under Leader approach.

4.4. Axis 4 (Leader)

4.4.1. *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 to the integration of agriculture in local development activities and to the reinforcement of local partnerships. The strategies will contribute to the priorities of axis 1, 2 and 3. The operations, however, will focus on axis 3 measures.

Admissible areas: it will be possible to implement Leader strategies on the whole regional territory

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

Actions: Implementation of measures 313, 321, 323, 331,332

Output indicators: 5 LAGs supported, 8.299 km² (whole regional territory less Perugia and Terni towns) and all inhabitants (less Perugia and Terni's inhabitants) covered, 400 projects financed, 17.9 Meuro total investments, 300 new jobs

4.4.2. *Measure 421-Interterritorial and translational cooperation*

The measure aims to the reinforcement of local partnership and to the reduction of rural area's isolation.

Selection procedures: within 1 year from the LAGs selection, a call of proposal (tender) will be organised.

Output indicators: 5 LAGs cooperating, 10 cooperation projects supported

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

The measure's objective is 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. Running costs will not exceed 20% of the LAG budget.

Aid intensity: 100%

5. FINANCING

5.1. Annual Contribution from the EAFRD (in EUR)

Année	2007	2008	2009	2010	2011	2012	2013
Total	29.832.000	29.657.000	28.767.000	29.165.000	72.498.000	72.366.000	72.145.000

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

Title	Dépenses publiques	Taux contr. FEADER (%)	Contribution FEADER
Axe 1	304.027.272	44.00	133.772.000
Axe 2	326.829.318	44.00	143.804.900
Axe 3	68.406.136	44,00	30.098.700
Axe 4	38.003.409	44.00	16.721.500
Assistance technique	22.802.045	44.00	10.032.900
Total	760.068.181	44.00	334.430.000

5.3. Indicative breakdown by rural development Measure (in EUR, total period)

See individual measures and annex.

Additional regional financing according to Art. 16(f) of Regulation (EC) No 1698/2005 is envisaged, for 16.75 Meuro, as follows:

Axis 1: €12.600.000 (measures 121: 2.1 Meuro; measure 123: 12.7 Meuro; measure 124: 0.25 Meuro; measure 132: 1.2 Meuro; measure 133: 0.5 Meuro)

6. DESCRIPTION OF STATE AID MEASURES

For some measures/operations falling within the scope of the article 36 of the Treaty, additional national financing is envisaged. Exemption regime according to Reg. (EC) 1857/2006 is applied to measure to measures 121, 124, 132, 133 and according Reg. (EC) 70/2001 to measures 123, 124, 132, 133.

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

7. DESCRIPTION OF THE COMPLEMENTARITY

Structural funds (ESF, ERDF)

Areas where possible overlapping of interventions financed by other funds can occur have been identified In particular delimitation criteria between intervention foreseen in 3 and intervention planned under ERDF programme. Insofar as ERDF is concerned infrastructures, tourism, commercial desertification, basic services, improvement of

the cultural, rural, historical, religious heritage are the main areas for possible overlapping with rural development. Demarcation is ensured on the basis of location of the intervention, scale of intervention, beneficiaries in order to avoid double financing. Possible overlapping exists also for ESF insofar as training and employability is concerned. Localisation of intervention, beneficiary and topics (training) will define the borderline for actions between the funds., A representative on the SF managing authorities will participate in the programme's monitoring committee.

CAP's first pillar complementarity and demarcation

The 2003 reform has introduced important innovations in the CAP. The programme 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, through the measures of axis 1 (investments) and axis 3 (multi-functionality of farms and enhancement of rural areas).

In order to avoid double financing that could occur in productive sectors like wine, olive-oil, fruit and vegetable and tobacco, demarcation criteria, where needed, have been set-up with interventions foreseen the relevant CMOs regulations.

In the **fruit and vegetable** sector, an exemption regime is being sought according to article 5&6 of Reg. 1698/2005. CMO will not intervene in the region by means of operational programmes as producer groups have not been set up. However there is the possibility for the producers to adhere to producers group in other regions. In the **wine** sector rural development interventions can give support, within the "integrated support measure" and in synergy with operational programs based on CMO regulation 1497/1999.

In the **olive-oil** sector possibility of overlapping between actions funded under sectoral CMO based on regulation 865/2006 and RPD exists. The OP based on the sectoral regulation will take responsibility for interventions to be beneficial to a group of producers with the exception of investments, whilst the RDP will be in charge of interventions (investments) for individual producers.

In the **tobacco** sector, projects (17 in Umbria) financed under the Community fund for Tobacco (Reg.(EC) 2075/92) will not be financed under RDP for exiting the tobacco sector according to the orientations and the resources made available to rural development. .

In the **sugar** sector, RDP will not intervene unless the resources made available by the OCM run out.

8. PROGRAMME DELIVERY

8.1. Designation of competent authorities and bodies responsible

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

The paying agency will be AGEA-Agenzia per le Erogazioni in Agricoltura. AGEA will have also function of Coordinator Body too.

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

8.2. The monitoring and evaluation system

The monitoring system will utilise the common indicators set up at community level. The 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.

8.3. Information and publicity arrangement

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

The main actions will be:

- a) Meetings and seminars, 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.

9. 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.

10. 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.

11. DESCRIPTION OF TECHNICAL ASSISTANCE OPERATIONS

Technical assistance (measure 511) finances the following operations: a) support to the implementation of the RDP b) support to the program management (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 and training activities. Aid intensity: 100% of the eligible expenditure. The budget for technical assistance amounts at 22.80 Meuro.

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

Axis / Measure	fr Total Public Expenditure	fr Private Expenditure	fr Total Cost
111. Vocational training and information actions	6.378.159,09	1.125.557,00	7.503.716,09
112. Setting up of young farmers	19.746.818,18	0	19.746.818,18
113. Early retirement	0	0	0
114. Use of advisory services	9.418.431,82	2.354.608,00	11.773.039,82
115. Setting up of management, relief and advisory services	7.920.727,27	1.980.182,00	9.900.909,27
121. Modernisation of agricultural holdings	66.833.659,09	81.685.583,00	148.519.242,09
122. Improvement of the economic value of forests	13.978.840,91	11.437.233,00	25.416.073,91
123. Adding value to agricultural and forestry products	74.956.613,64	112.434.920,00	187.391.533,64
124. Cooperation for development of new products	19.174.022,73	0	19.174.022,73
125. Infrastructure related to the development and adaptation ...	23.122.090,91	8.552.006,00	31.674.096,91
126. Restoring agricultural production potential	22.339.590,91	9.574.110,00	31.913.700,91
131. Meeting standards based on Community legislation	13.846.068,18	0	13.846.068,18
132. Participation of farmers in food quality schemes	13.100.954,55	0	13.100.954,55
133. Information and promotion activities	13.211.295,45	5.661.984,00	18.873.279,45
141. Semi-subsistence farming	0	0	0
142. Producer groups	0	0	0
143. Provision of farm advisory and extension services in BG and RO	0	0	0
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211. Natural handicap payments to farmers in mountain areas	16.996.681,82	0	16.996.681,82
212. Payments to farmers in areas with handicaps, other than ...	10.618.522,73	0	10.618.522,73
213. Natura 2000 payments and payments linked to Directive ...	462.454,55	0	462.454,55
214. Agri-environment payments	209.726.477,27	0	209.726.477,27
215. Animal welfare payments	6.840.613,64	0	6.840.613,64
216. Non-productive investments	3.040.272,73	337.808,00	3.378.080,73
221. First afforestation of agricultural land	45.701.295,45	4.519.908,00	50.221.203,45
222. First establishment of agroforestry systems on ...	760.068,18	253.356,00	1.013.424,18
223. First afforestation of non-agricultural land	760.068,18	75.172,00	835.240,18
224. Natura 2000 payments	3.800.340,91	0	3.800.340,91
225. Forest-environment payments	5.320.477,27	0	5.320.477,27
226. Restoring forestry potential and introducing prevention ...	3.800.340,91	0	3.800.340,91
227. Non-productive investments	19.001.704,55	2.111.301,00	21.113.005,55
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311. Diversification into non-agricultural activities	28.905.022,73	19.270.015,00	48.175.037,73
312. Business creation and development	9.880.886,36	6.587.258,00	16.468.144,36
313. Encouragement of tourism activities	9.105.863,64	1.011.763,00	10.117.626,64
321. Basic services for the economy and rural population	5.320.477,27	866.124,00	6.186.601,27
322. Village renewal and development	9.873.409,09	6.312.507,00	16.185.916,09
323. Conservation and upgrading of the rural heritage	5.320.477,27	725.520,00	6.045.997,27
331. Training and information	0	0	0
341. Skills acquisition, animation and implementation of ...	0	0	0
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411. Implementing local development strategies. Competitiveness	0	0	0
412. Implementing local development strategies. Environment/land	0	0	0
413. Implementing local development strategies. Quality of life	26.602.386,36	6.650.597,00	33.252.983,36
421. Implementing cooperation projects	3.800.340,91	950.085,00	4.750.425,91
431. Running the local action group, acquiring skills and ...	7.600.681,82	0	7.600.681,82
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511. Technical Assistance	22.802.045,45	0	22.802.045,45
Grand. Total	760.068.181,82	284.477.597,00	1.044.545.778,82