



INDEPENDENT EVALUATION SERVICE OF THE REGIONAL RURAL DEVELOPMENT PROGRAM FOR THE PERIOD 2014-2022 OF THE SICILY REGION

ANNUAL EVALUATION REPORT 2024

SUMMARY

V. 1.0

The Annual Report is based on the information framework that was possible to acquire until March 2024. The main results of the evaluation analysis are summarized below, divided on the basis of the Focus Areas affected by the Programme.

Priority 1

All sub-measures contributing to FA 1A (stimulating innovation, cooperation and development of the knowledge base in rural areas) have issued at least one call, covering approximately 70% of the total FA resources.

The M16 financed 50 beneficiaries with 222 projects for a total of 52 million euros. SM 16.1 and 16.2 granted 116% and 136% of the available amounts respectively, covering 56 million euros out of a budget of 78 million, requiring further calls to allocate the remaining resources.

Economically, FA 1A contributes primarily to FA 3A (84%) and FA 6A (10%). Payment requests increased, with settlements amounting to a third of the eligible amounts (17 million euros), mainly from SM 16.1 (86% of payments). Although only 13% of funded projects have been completed, improvement is observed over time. Innovation cooperation has made significant progress, while knowledge transfer remains behind.

Regarding FA 1B, all submeasures, except SM 16.8, have issued calls for tenders and funded beneficiaries. 195 projects were financed for 53 million euros, equal to 95% of the amounts put out to tender, but it is necessary to allocate the remaining resources (75 million euros) with new tenders, given that the request for support exceeds 200% of the budget of the notices. In 2023, 61 beneficiaries were financed compared to 10 in 2022, but there are still 242 applications under investigation. Payment flows show good progress for SM 16.1 and 16.3, with 43% and 54% of contributions granted respectively.

FA 1B contributes mainly to FA 3A (85% of the contributions granted). The FA 1B target indicator T2 is at 141% of the target, while the output indicators O16 and O17 reach 97% and 218%. Despite the progress, few projects have actually been finished.



SM 1.1 of the FA 1C recorded a high number of applications, with requested amounts reaching 372% of the call budget. However, only 90% of those requests were granted, and only 31% of the authorized amounts were actually paid. The delay in implementation, noted in recent years, is gradually improving, with prospects for further progress thanks to the calls scheduled for 2024.

SM 1.3, which published a tender in 2022 for 400,000 euros, has not yet achieved significant implementation results. Most of the amounts allocated are aimed at training courses, representing only 27% of the amounts requested, while other types of training have received more substantial funding.

FA 2B and 2A play a dominant role in MS 1.1 from a financial point of view, contributing overall to 77% of the resources requested and 68% of the amounts granted.

Focus area 2A

Focus Area 2A manages over a fifth of the Program funds, i.e. 442 million euros. Currently, 90% of the budget has been allocated and 30 million euros remain under investigation. Liquidated payments exceed 54% of the total. The presence of very large projects (on SM 4.1, 4.3, 6.4) could represent a critical issue for achieving the financial objective. Physical indicators are close to targets.

Furthermore, over 600 companies will benefit from investments, in addition to the 1300 projects from the previous programming.

Most of the funds committed (375 out of 440 million euros) concern procedures started between 2016 and 2019, with many requests exceeding the initial allocations. This allows for a long list of valid projects for future needs. However, most of the commitments are concentrated in a few large projects, with average contributions between 200.000 and 900.000 euros.

Focus Area 2B

Nearly €300 million earmarked for FA 2B was mainly used in the 2017 Youth Package, which included premiums for the establishment of young farmers, investments in agricultural holdings, non-agricultural activities and forestation. The concessions exceeded the expected allocations, except for forestation (SM 8.1), with overall commitments exceeding 107% of the focus area allocation.

The physical targets for the settlement of young people are almost reached, and delays in final payments are not a cause for concern. However, measures for the development of human capital (training, information and consultancy) are progressing slowly: training has reached around two thirds of the target, while other activities do not show significant progress. Despite these difficulties, it is expected that the overall financial availability will be exceeded, making it necessary to expand the programmed resources. However, it would be appropriate to launch a new procedure for SM 6.1 to meet the demand of young people excluded seven years ago.

Focus Area 3A

FA 3A focuses on submeasures 4.2 and 16.1. SM 4.2 represents 63% of the resources and 73% of the amounts granted, highlighting its importance for the FA. SM 16.1 has shown a significant increase in authorized payments over the past year. Investments in the transformation and marketing phases aim to increase production capacity, reduce costs and make the plants more efficient.

Support for the competitiveness of producers takes place through investments in the processing and marketing of agricultural products and the management of PEI operational groups. The training sub-measures (SM 1.1 and 1.2) are starting to make progress, but need acceleration. SM 3.1 is progressing slowly, while SM 16.2 has seen significant progress.

Measure 14 "Animal Welfare" collected almost 3,500 applications, with Palermo and Messina in the lead. Integrated Supply Chain Planning has activated various sub-measures, strengthening the production chains in the livestock, horticultural and nut sectors.

Focus Area 3B

The liquidated expenditure covers 46% of the financial allocation of the Focus Area, with commitments and payments that concern almost exclusively the support for the reconstitution of the production potential damaged by biotic adversities, focusing mainly on the citrus sector of the eastern and south-eastern areas of



the island. This trend seems destined to strengthen, given the objectives and targets of the latest notice published in April 2024. As regards the agricultural companies affected by the fires in the summer of 2021, the relevant notice under SM 5.2 approved over 70 % of resources banned.

In reference to SM 5.1, support for prevention actions has undergone a further cut in the allocation, but could be relaunched thanks to the inclusion of drought prevention works among the eligible investments for this type of intervention.

Priority 4

Sicily RDP has allocated over 1 billion euros to FA 4A, with spending on the main measures (M10, M11, M13) being almost entirely certified. However, other measures such as SM 4.4 and forestry measures (except SM 8.5) showed lower levels of expenditure and limited impact on forest biodiversity. The results of the training activities still appear limited.

The biological sector is crucial for the defense of biodiversity and the landscape. The 2022 tender for M11 was a success, with the biological surface area involved covering 25% of the regional UAA. However, biological surfaces in Natura 2000 areas are scarce. Funding for organic farms focuses on pastures and fodder, while interventions for the conservation of grazing environments include supports in Natura 2000 areas and the conversion of arable land into pasture.

Support for breeding breeds at risk of genetic erosion is significant, while forestry measures have limited impact. To combat the abandonment of agricultural activity, the PSR offers financial support for residents in internal and highly natural areas.

Water quality in Sicily is critical, with the agricultural sector responsible for many sources of pollution. 86% of river stations do not reach a "good" ecological status and for lakes the situation is even worse, with 80-100% of stations below the "good" threshold for chemical and ecological status. Seventy-three percent of groundwater is classified as "poor," and exceeded nitrate thresholds increased from 29% in 2020 to 40% in 2022. Between 2017 and 2020, more than 80% of surface water and 50% of groundwater have been contaminated by pesticides.

Sicily RDP allocates almost 10% of the budget to water improvement, with significant progress in SM 10.1.b. However, there are no certified expenses for Forest Management Plans (SM 16.8) and for training and consultancy activities (M1 and M2). Initiatives include the sustainability of cultivation techniques and the creation of forest cover and grazing areas.

The increase in biological surfaces is crucial because it eliminates the use of synthetic products. Sustainable methods in fact avoid the use of herbicides, insecticides and fungicides, improving water quality, even if precise quantification is complex.

Sicily faces serious soil-related problems, such as erosion and salinisation, which place it at risk of desertification. The Sicily PSR intervenes by encouraging the creation of grazing areas to replace arable land (SM 10.1.c) to protect the soil and reduce erosion and compaction. SM 4.4.d contributes to the stabilization of the land through the rearrangement of the slopes and terraces, useful in the fight against water erosion.

Secondary measures of the RDP, such as reduced tillage (SM 10.1.c, 10.1.f, M11, SM 10.1.a, 10.1.b), cover crops (SM 10.1) and the use of crop residues (SM 10.1b, 10.1f), are crucial for reducing erosion and maintaining vegetation cover. These actions lead to significant annual soil savings, especially in areas at high risk of erosion, while the effect on forested areas is limited.

The protection of organic carbon in the soil is improved with incentivized cultivation methods, with organic farming increasing the organic component of the soil the most. Although the percentage increases in carbon are limited, the absolute values are significant when compared to the incentivized hectares.

Priority 5

The objectives of the FA 5A are pursued in part through intangible investments in training and consultancy, while the material investments concern irrigation infrastructure, for which the resources committed correspond to almost the entire budget of the entire FA 5A. Furthermore, from the forecasts present in the



PSAs a rather positive scenario emerges with respect to the introduction of greater efficiency in the use of the irrigation resource by the island's agricultural companies.

The Sicilian agricultural sector shows a lower capacity to contain energy consumption compared to the general regional trend, with the RDP having allocated limited resources to improve energy efficiency, without recording significant progress. However, the reduction in the number of animals and the reduced use of nitrogen fertilizers have contributed to the decrease in greenhouse gas emissions, with a marginal effect from the reduction in energy consumption. Despite a limited budget, the Sicily PSR contributed significantly to the objectives of reducing GHG and ammonia emissions.

The FA 5E has around 6 million euros, mainly allocated to the SM 10.1.f measure, which has already used 95% of its budget, exceeding the target of surfaces for carbon sequestration and conservation. The Sicily PSR promotes the improvement of organic matter in the soil through measures such as SM 10.1.f (reduced processing) and contributes to the same parameter also through sub-measures 10.1a, 10.1b, 11 and SM 10.1.c (promotion of integrated agriculture, organic and eco-sustainable and conversion of arable land into pastures). To counteract the loss of forest biomass due to fires, the Program supports reforestation (M 8.1) and prevention and restoration interventions (SM 8.3 and 8.4).

Focus area 6A

The financial allocation of FA 6A was significantly reduced during the programming period (54 to 28 million euros). Although tenders for 52 million euros were issued, only 352 projects were financed for over 25 million euros, equal to 91% of the total budget. SM 6.4.c has funded only 44 of the nearly 1600 applications received, with requests far exceeding the available budget.

Payment applications show an improvement, with payment rates between 28% and 56% of the amounts awarded. However, only 39% of the funded projects were completed, mainly thanks to SM 6.2.

Physical indicators recorded modest progress, with the jobs created indicator at 22%. Interventions to encourage the creation of non-agricultural activities and promote employment are lagging behind expectations. However, there is better progress in producing renewable energy and improving rural infrastructure, moving closer to the set goals.

Focus area 6B

SM 19.1 of the LEADER program has run out of resources, prioritizing "Support for capacity building, training and networking" over "Leader Starter Kits". SM 19.2, central to its financial and strategic value, has seen the LAGs issue a variable number of tenders, with the Natiblei and Terre di Aci LAGs having substantial commitments exceeding 9 million euros. Despite the number of tenders produced, there is no direct relationship with the amounts granted, which vary from 40% to 70% of the requests. The most activated sub-measures are 6.4C, 16.3 and 7.5, highlighting an orientation towards extra-agricultural investments and public infrastructures.

SM 19.3 finances three projects of the LAGs Elimos, Golfo di Castellammare and Valle del Belice, while SM 19.4 mainly supports the management costs of the LAGs. SM 7.2 financed renewable energy plants, the redevelopment of historical heritage and the restoration of infrastructure. The R22/T21 performance indicator is at 120%, and the target relating to the number of selected LAGs has been reached. The targets for 2025 of SM 19.4 and 7.2 are considered achievable.

Focus area 6C

Although the intangible interventions are rather static, the infrastructural interventions financed by the EAFRD to overcome the digital divide in rural areas experiencing market failure report a positive situation. The objective is to bring broadband (over 30 Mbps) and ultra-broadband (over 100 Mbps) to 34 municipalities in the region and to some farms far from population centers.

In the municipalities where the construction sites have been completed and put into testing, the percentage of connected Real Estate Units compared to those planned is, in almost all cases, greater than 90%. The areas that remain uncovered are generally the most peripheral ones and the scattered houses.