



INDEPENDENT EVALUATION SERVICE OF THE REGIONAL RURAL DEVELOPMENT PROGRAM FOR THE PERIOD 2014-2020 OF THE SICILY REGION

ANNUAL EVALUATION REPORT 2020

SYNTHESIS

V. 1.4

The 2020 Annual Evaluation Report contains the answers to the thirty questions of the Common Evaluation Questionnaire, based on the information framework that was possible to acquire until the end of May 2020.

For some FAs the level of implementation does not yet allow an assessment of the effects, in these cases the relevance of what is being implemented has been assessed. This happened, in particular, for the FA 1A, 1B, 1C, 3B, 5C, 6A and 6B.

The main results of the evaluation analysis are summarized below, divided into the major thematic areas.

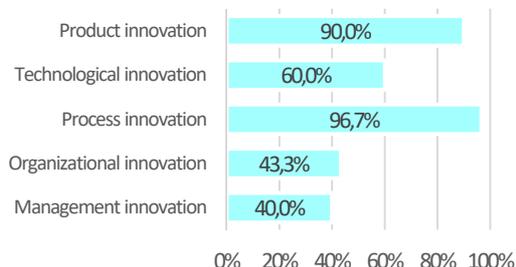
1. INNOVATION

The effects of the innovation projects promoted by the RDP 2014-2020 are not currently assessable, because they are only in an initial step of implementation.

Based on the survey carried out on potential beneficiaries of SM16.1, it can be assumed that the innovations should mainly concern new production processes or new products, followed by innovations with a higher technological content. Less frequently, it can be expected that these will concern organizational and / or managerial innovations.



What kind (s) of innovation does the EIP GO intend to promote?



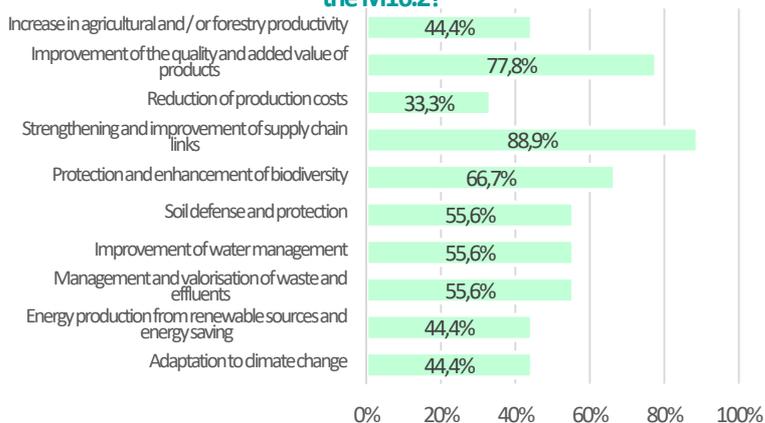
and innovation, is the incentive provided to the establishment of several partnerships, which were evaluated, during the selection, very positively for the quality and articulation of the subjects that compose them.

Finally, it should be considered that the demand for innovation interventions is much larger than the financial capacity made available by the calls for proposals.

As for SM 16.1, the types of innovation contained in the cooperation projects under SM 16.2 mainly concerned process and product innovation, followed by technological innovation. These projects are mainly aimed at strengthening of supply chain links and, secondarily, at improving the quality and added value of products.

Particularly important, with respect to strengthening the links between the primary sector and the world of research

What are the aims of the innovation project presented on the M16.2?



2. INTERGENERATIONAL HANDOVER

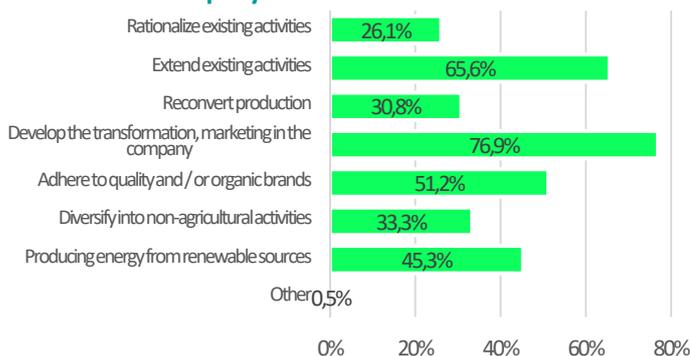
The RDP of the Sicily Region assigns considerable importance to the generational turnover policy, setting itself the goal of encouraging the establishment of over 1,600 new farmers, young and qualified and, above all, of significantly supporting the business investments envisaged in the development plans, with around 195 M €.

The investment strategies are mainly aimed at vertical (processing, marketing) and horizontal (expansion of existing activities) expansion. In addition to these two aspects, which are mentioned by most of the interviewees, there is also the willingness to adhere to quality and / or organic brands and to install energy production plants from renewable sources.

The selection criterion linked to the qualification seems to have been particularly effective: the beneficiaries of the youth package are mainly characterized by a high level of education. In any case, more than two thirds of the young owners have recently attended at least one professional course on agricultural, forestry or veterinary topics forestry or veterinary.

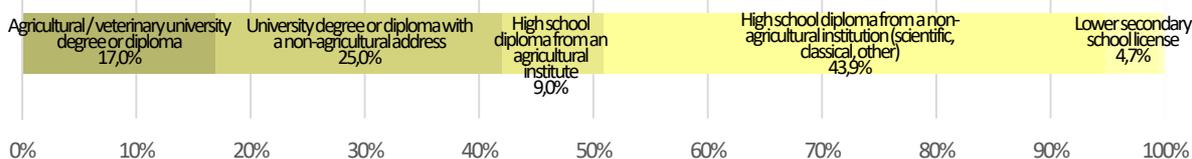
Less than half of the beneficiaries were employed before setting up as farm managers, most were employed in the agricultural sector. This means that for 570 people the Youth Package represented an opportunity to find employment.

What changes does it intend to introduce in the company in which it is established?

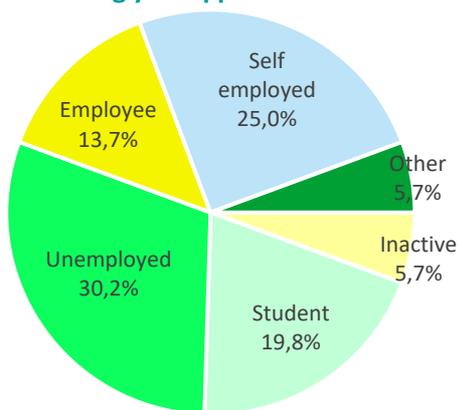




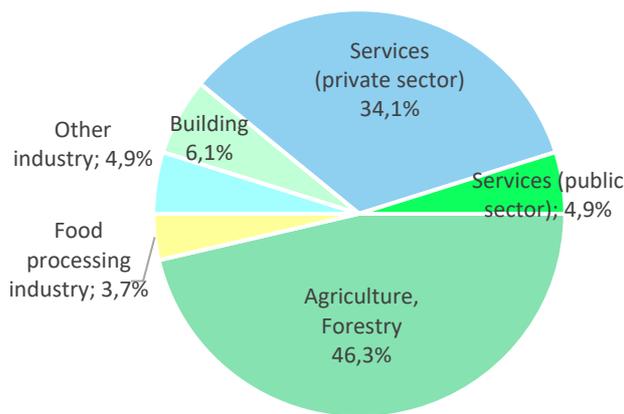
Educational qualifications of the beneficiaries of the measure 6.1



What was your professional status at the time of submitting your application on the SM6.1?



In which sector were you previously employed?



Through the Youth Package, the RDP certainly favors a generational leap in management responsibility and a consolidation of companies, but the information from the field survey indicates that it is the effect of an anticipation and an acceleration of a process already decided with the same actors. In fact, the tool does not seem to be able to favor the inclusion in agriculture of subjects unrelated to it by family tradition.

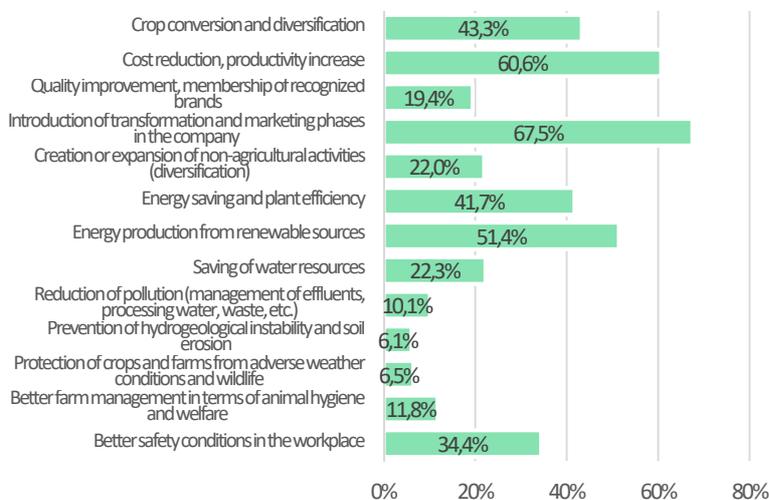
3. COMPETITIVENESS OF AGRICULTURAL AND FORESTRY COMPANIES

With respect to the theme of restructuring and modernization of farms, about 1/5 of the resources provided for the related investments is absorbed by projects carried over from the last program, which still represent the majority of payments made.

The currently observable results reflect two distinct and, in some ways, opposite policies: that of the past programming period, made up of small contributions granted to a large number of farms, and that of the new programming period, which finances very ambitious interventions carried out by a small number of leading companies.

With reference to the purpose of the investments, the beneficiaries demonstrate a widespread desire to expand the production cycle

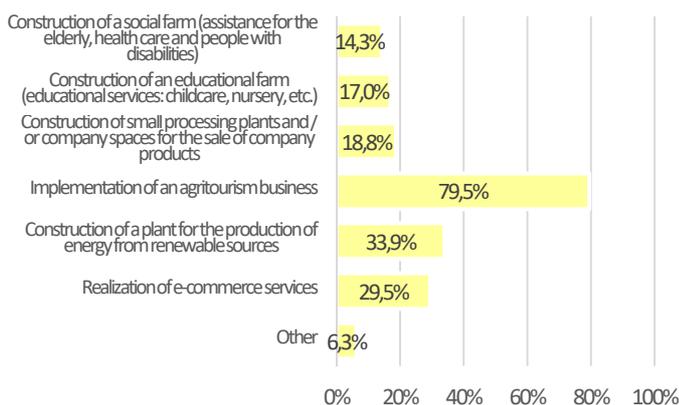
What are the purposes of the investments for which you requested the funding of Measure 4.1?





downstream, with two thirds of them intending to introduce processing and marketing phases in the company. The second most recurring theme is to pursue better production efficiency parameters through cost reduction and increased productivity. The objectives of introducing energy production plants from renewable sources, energy saving and water saving go in the same direction, but with an environmental value. Finally, we must remember the goal of crop conversion and diversification..

What diversification activities do you intend to initiate / have initiated with the requested support on M6.4.a?



The direct survey carried out among those who applied for SM 6.4.a (aimed at supporting investments in diversification), highlighted that in most cases (80%) the aim was to initiate or strengthen an agritourism activity. At the same time, one third of the interviewees also intend to build an energy production plant from renewable sources and few less want to activate e-commerce services.

With regard to infrastructural interventions for intercompany viability and rural roads (SM 4.3.a, action 1), the results of the direct survey among the beneficiaries allow us to hypothesize that the RDP will finance at least 120 projects with the two calls (data an average amount per

intervention between 600 and 650 thousand euros). It can be inferred that the companies involved could eventually be more than 2,500, and the kilometers of roads restored will be about 450.

The objective of increasing the level of competitiveness of primary producers is pursued in an integrated way between the measures and sub-measures of FA 3A, for which the financial contribution is largely focused on SM 4.2 (3/4 of the total) and SM 16.1 (almost 14%). The latter has not yet activated expenditure, as well as the SM 16.2, 16.4 and the M1, leading to the conclusion that only a minimal part of the synergistic aspects on which the logic of FA is based have been realized, in particular due to the lack of achievements in the field of training and knowledge transfer.

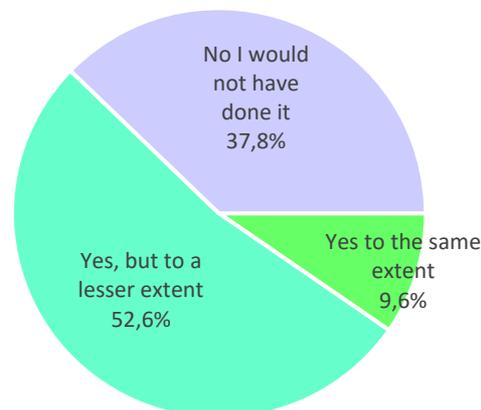
The investment projects relating to the processing and marketing phases are mainly aimed at increasing production capacity, reducing costs and improving the efficiency of plants.

In the forecasts of farms, both agricultural and agri-food, investments give great returns: an analysis on FADN data would instead suggest more cautious expectations regarding business investments, while they

What are the purposes of the investments for which you requested the funding of the SM4.2?



In the absence of the funding received, would you have made the investment anyway (SM 4.1)?

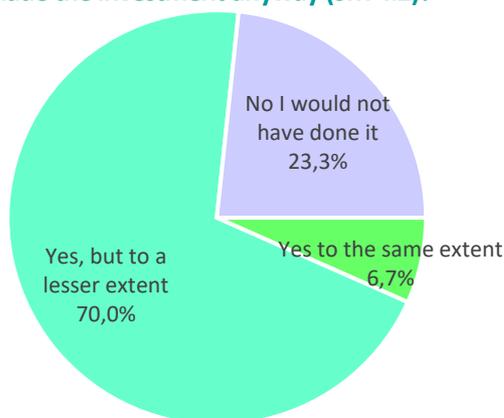




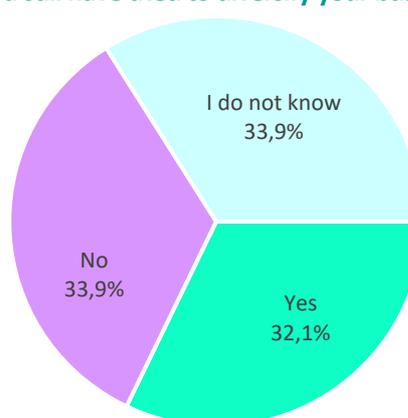
are quite plausible with reference to investments in transformation and marketing and in diversification agricultural activity.

RDP support for investments in transformation and marketing (which are usually those with the largest unit amounts) is important, but not decisive: over three quarters of the investments would have been made equally without the incentives, even if only in 6.7% of the same to the extent envisaged. In cases of small investments, their size would have been considerably lower in about 70% of cases. For the beneficiaries of MS 4.1, the funding of the RDP is crucial to support the investment planned for more than nine out of ten farmers. It is so in an absolute way for 38%, who would not have made the investment at

Without the loan received, would you have made the investment anyway (SM 4.2)?



Without financial support from M6.4.a, would you still have tried to diversify your business?



all, and it is so in a relative way for 53%, who would have made the investment for a lower amount.

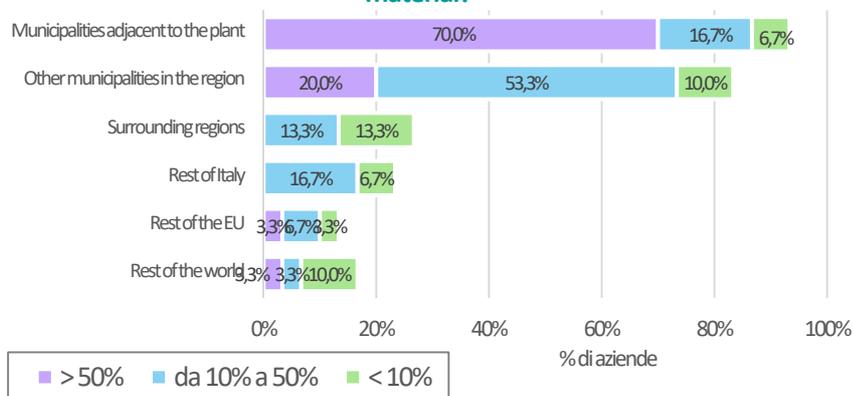
Diversification is a necessary choice for one-third at least of respondents, who claim that they would have done it even without financial support from the RDP, while there are just as many who exclude it without any doubt and those who do not know how to answer.

4. INTEGRATION OF SUPPLY CHAIN AND COOPERATION

There is a very strong link between the companies that invest in processing and marketing and the agricultural production of the territory: the raw material subject to processing comes mainly from farms in the immediate vicinity of the plant and in any case mainly from the Sicily region.

As regards the sources of supply of agricultural raw materials, those from individual farms and cooperatives seem to prevail, even if an important role is also played by intermediaries and wholesalers. The sources "internal" to the company, that is, from the agricultural production of the company itself or that of its partners and consortium members, are also not negligible.

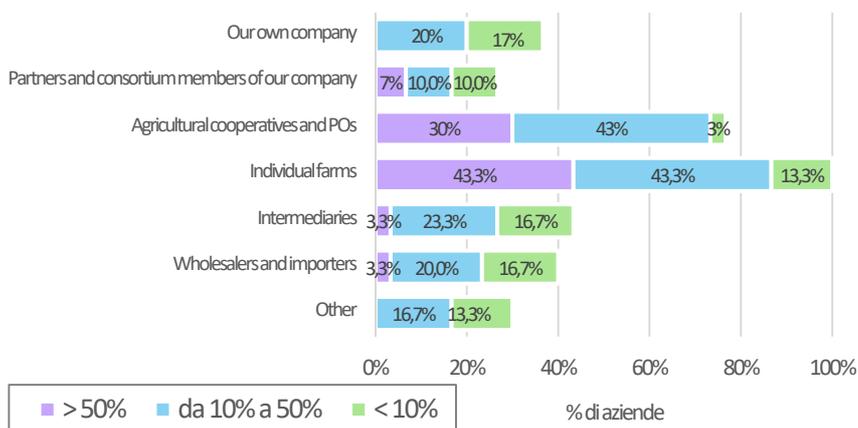
What is the geographical origin of the agricultural raw material?





The state of progress of MS 16.4 is still insufficient to produce appreciable results in supporting supply chain cooperation, both horizontal and vertical, the creation and development of short supply chains and local markets and support for local promotional activities related to the development of supply chains

What are your sources of supply of agricultural raw material?



The field survey highlights the awareness of the beneficiaries regarding the promotion of product development and the search for new forms of marketing to allow farms to establish themselves as protagonists on the markets and to appropriate a growing share of the added value of production.

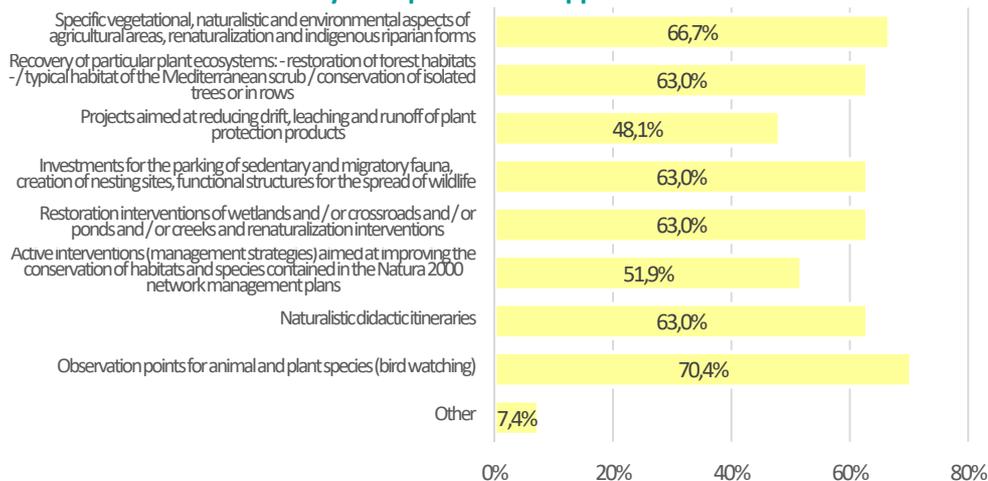
The beneficiaries also show the willingness to focus on Cooperation Groups (GC) and on Poles and Networks for cooperation between producers and different subjects.

5. SAFEGUARDING OF ENVIRONMENTAL RESOURCES

Among the major environmental criticalities on which the RDP has intervened with specific strategies, there are the loss of biodiversity, the low quality of the water (pollution by nitrates and salinization phenomena) and the poor quality of the soils.

Sicily is a region rich in biodiversity and which has numerous endemic species, even if it faces a problem linked to a limited forest heritage. The FBI has recorded a positive trend over the last 20 years, in contrast to the national figure. To combat the loss of agricultural biodiversity, the RDP mainly intervened by promoting sustainable cultivation systems (organic, integrated, eco-sustainable agriculture) and the transformation of arable land into pastures, which involved 28% of the regional UAA.

Can you indicate the types and sizes of non-productive investments for which you requested the support of M4.4.c?



Other interventions concerned the protection of local animal breeds at risk of genetic erosion and the defense of the varieties of fruit trees or native vines (Guardian farmers), as well as the contrast to the fragmentation of the territory (creation of ecological corridors) and the maintenance of more than 250,000 ha of AVN areas. "Non-productive investments" were also

financed with purposes generally linked to the improvement of biodiversity. On the other hand, the effects recorded on forest biodiversity are very limited.

Data on the quality of regional waters are not available for the whole territory, making it difficult to monitor any improvements due to the Program. In any case, over half of the reservoirs and underground



water bodies show a "bad" chemical state and about 250,000 ha are affected by the phenomenon of salinization of irrigation water.

There is also a trend increase in fertilizers and pesticides used in agriculture and a parallel increase in pollution from nitrates of agricultural origin. The fight against the phenomenon consists in the promotion of agricultural production systems that lead to a decrease in the use of synthetic fertilizers and pesticides (organic and integrated agriculture), with an estimated reduction of 14,000 t / year of nitrogen fertilizers and 7,400 t / year of phosphates, equal to 50 and 40% respectively of total regional consumption. Funding for improvements in the treatment and storage facilities of livestock waste should also be considered.

With regard to the quality of the soils, there is an unfavorable starting situation, with a not very high average value of organic matter (average regional value of 1.9%). Characteristics such as the limited forestation rate (the lowest in Italy after Puglia) and the high incidence of forest fires, determine phenomena such as widespread water erosion (a problem that afflicts 1/3 of Sicilian agricultural land) and high risk of desertification (it is recorded on more than half of the territory of the Region). Also in this case, the support to production systems such as organic, integrated and eco-sustainable agriculture have actually encouraged practices such as organic fertilization, green manure, land grassing, used - according to the direct survey - by 50-75 % of the beneficiaries of the M 10 and 11, who have about 26% of the total UAA under commitment.

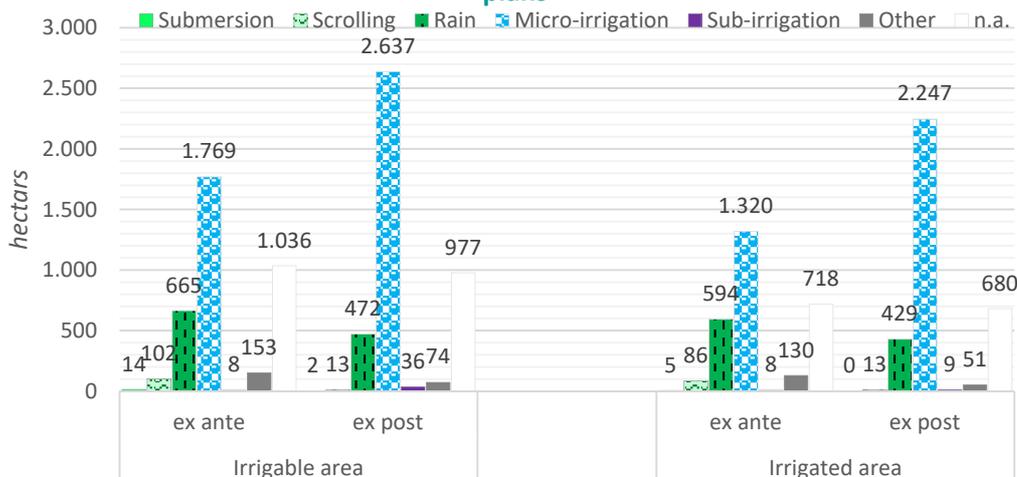
Reduced tillage and the conversion of arable land into permanent crops are also encouraged, as well as the construction of terraces, drainage channels, dry stone walls and arrangement of the slopes. All of these interventions are estimated to lead to a reduction of the order of 24% of soil losses in the areas where these practices are applied.

6. IMPROVING OF EFFICIENCY

On the basis of the analysis of the projects attached to the support applications on MS 4.1, which envisage "collective

company and inter-company water works", starting from the estimates before and after the intervention of the beneficiaries with reference to irrigated areas and irrigation the aforementioned surfaces the watering values per average hectare envisaged for each irrigation

Irrigated and irrigated area by method before and after the investments admitted to financing in the forecasts of the business plans



system. They are calculated on the basis of irrigation volumes and irrigated areas at regional level. This operation shows a decrease of about 16% of the water administered, assuming that there is no change in the irrigated crops.

By applying the average efficiency values per irrigation system to the estimated irrigation volumes, between the pre- and post-investment situation, a sharp increase in the estimate of the water



administered effectively, equal to over 50%, is achieved. The technical efficiency of the overall irrigation system, calculated in the absence of crop variation on the irrigated areas involved, would therefore increase from just over 75% to almost 81%.

With respect to energy efficiency, given the low execution rate of most of the measures with direct and indirect effects taken into consideration (first of all the MS 4.1, 4.2, 6.4 and 7.2), the evaluation exam was developed with a view to of relevance, based on the results of the analyzes conducted on the Business Plans and the CAWI survey addressed to the actual and potential beneficiaries of the interventions.

With reference to the current regional budget, it is estimated that the RDP is promoting an overall investment of about € 35.6 million, which allows the installation of a total of 14.2 MW, with an increase in the number of photovoltaic systems of the order of 1% of the regional total. Considering the average productivity of these plants in the climatic zone of Sicily (1,450 MWh / year per MW of installed power), the value is approximately 2,000 MWh / year, equal to 0.17 ktoe / year.

7. REDUCTION OF GHG AND AMMONIA EMISSIONS, CARBON SEQUESTRATION

The Program promotes the improvement of the organic matter content of soils, mainly through measures 10.1a, 10.1b and 11, (promotion of integrated, organic and eco-sustainable agriculture), as well as other Sub-measures of 10: M 10.1f (methods productive with reduced tillage), M 10.1c (conversion of arable land into pastures), M 10.1e (areas not cultivated along watercourses).

Another important component is represented by the decrease in emissions related to livestock activities (enteric fermentations and wastewater management), made possible thanks to the limitations on the number of cattle that can be reared under M 11.

In relation to the forestry sector, reforestation financed by M 8.1 must be considered, which however affects limited areas.

Overall, the contribution ensured by the RDP as a whole in terms of CO₂ sequestration is over 124,000 t of CO₂ eq./year.

Also considering the indirect contributions, the soils that affect the target are over 400,000 ha (29% of UAA + FOWL), largely thanks to the ability to increase the organic matter content of the land.

In addition to GHGs, a reduction in ammonia emissions is also estimated, around 1,000 t / year.

8. DEVELOPMENT OF RURAL ECONOMIES

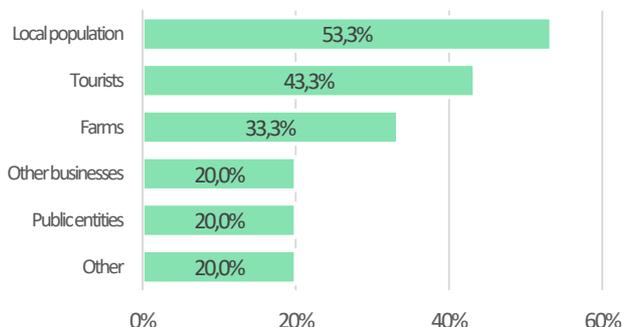
With the financing of the first interventions under SM 6.2, aimed at supporting the start-up of non-agricultural entrepreneurial activities in rural areas, the process of diversification of the rural economy and the creation of new employment opportunities was initiated, through the promotion of non-agricultural activities relating to various areas (sustainable tourism and recovery of traditions, crafts, green economy, etc.).

The direct survey showed that the target audience for the products / services to be implemented are mainly tourists and the local population, followed by farms and other businesses and public bodies.

As regards intervention 6.4.c, aimed at supporting the creation or development of non-agricultural enterprises in the trade-craft-tourism-services-technological innovation sectors, the answers given by the potential beneficiaries show that 70% indicated activities of B&B and restaurants, followed by tourist services (about 50%), with reference to the types of activities they intend to start with the support.



Which prevailing demand target are the products / services that your company intends to create?



M7 also deserves a mention, the main beneficiaries of which are local authorities involved in projects to support services and infrastructures in rural areas. From the field survey conducted among the potential beneficiaries of SM 7.2 and 7.5, a clear orientation of the Administrations emerges towards the requalification of the historical cultural heritage and the system of tourist and recreational itineraries, proving a desire to strengthen the infrastructural system aimed at the protection and to the fruition of the cultural and naturalistic heritage.

Finally, the infrastructural interventions financed by the EAFRD to overcome the digital divide in rural areas with market failure are aimed at bringing broadband (> 30 Mbps) and ultra-broadband (> 100 Mbps) in 22 municipalities in the region, for five of the which, at the beginning of 2020, the works were completed. On the basis of AGCOM data, there are no differences in the degree of coverage of the 30 and 100 Mbs services between the Municipalities in which the works have already been completed and those in which they are still in the planning / execution phase, a sign that its achievement is guaranteed through interventions by private operators that were carried out after the drafting of the Infratel Technical Plan. It is therefore difficult at the present time to provide a judgment on the actual contribution of MS 7.3 to achieving the impact objective.

9. LEADER APPROACH

Although the state of implementation of the M19 is still at an early stage, the evaluation surveys conducted have made it possible to identify some distinctive features of the application of the Leader approach in Sicily. A peculiar element of Sicilian regional unitary programming is represented by the multi-fund modality of the implementation of CLLD with the support of the EAFRD and the ERDF. The integrated use between the funds is a tool widely used in the local development strategies of the LAGs for actions that integrate both in terms of resources and in reference to the areas of intervention, clearly contributing to the creation of added value of the Leader approach. Other aspects to highlight are the maximum freedom of choice among the measures to be activated granted to the LAGs, as well as the activation of the "Regional Technical Table of the LAG 2014-2020 CLLD", which has also produced the "Guidelines to enhance the added value of the instrument CLLD PRS / EAFRD - PO FESR Sicily 2014/2020", with the consequent possibility of selecting a portion of the Selection Criteria of the tender "actions specifically targeted by each LAG to the specificities of the territory.

10. CONTRIBUTION TO EUROPE 2020

The state of implementation of the Program is such that its contribution to the implementation of the Europe 2020 strategy is still largely theoretical. It is so, in particular, for its contribution to employment effects and investments in research and development.

With respect to the other social objective of the fight against poverty, the regression models used allow us to conclude that the RDP has favored the achievement of the goal of the Europe 2020 Strategy, albeit to a limited extent.

With reference to the environmental objectives, the contribution of the Program concerns above all the GHG emissions from agriculture, which are reduced by more than 13% due to the agronomic commitments



capable of affecting enteric fermentation, waste management and fertilization and management crops. A contribution to the reduction of CO₂ emissions of much less weight (about 2 thousand tons) can also be identified in the fuel savings due to the adoption of conservative techniques as well as the installation of energy production systems from renewable sources.