



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

ANNUAL EVALUATION REPORT 2023

SUMMARY

V. 1.0

The Annual Report is based on the information framework that was possible to acquire until March 2023. The main results of the evaluation analysis are summarized below, divided on the basis of the focus areas affected by the Programme.

Focus area 1A e 1B

Despite a significant intercepted demand for aid, much higher than the financial availability, during 2022 the procedural and financial progress of the sub-measures was very modest. Therefore, management difficulties on the part of the administration and implementation criticalities on the part of the beneficiaries, already highlighted in the past, persist. The only exception is MS 16.1, for which payment applications have been submitted for almost €10 million, equal to 30% of the amounts granted: there are still no applications for the balance, and therefore completed projects, but compared to 2021, yes records a significant increase in requests for advance payments, a sign that the projects have made progress in implementation.

As far as physical progress is concerned, it is almost nil for FA 1A, which records only one physical realization of SM 1.1 and has very modest target and output indicator values. At present it is considered very difficult to achieve the target values. In relation to FA 1B, however, some progress can be seen, even if the projects actually completed at the moment are still very few. However, it is expected that the targets of all the expected physical indicators can be achieved.

Focus area 1C

With the publication of the tender relating to SM 1.3 (October 2022), the framework of the tools that contribute to achieving the objectives of the focus area is completed, while the expenditure achieved remains anchored only to the sub-measure for training, reaching 1/5 of the concessions. With reference to SM 1.1, the "training courses" are confirmed as the preferred intervention tool, involving all FAs, while the



"workshops" only affect FA 2A. Finally, it should be noted that in mid-October 2022 the T3 indicator (Total number of participants trained) reached 29,19% of the expected target.

Focus area 2A

If we do not consider Priority 4, 2A is by far the most important focus area in the Sicily RDP, with €612,000,000 of resources allocated, which corresponds to more than 21% of the entire Programme. The total resources allocated are equal to €279,000,000, or less than half of the available resources. However, this data does not offer a correct representation of the procedural progress, if we consider that the sums admitted to financing at the end of 2022 exceed €377,000,000, to which must be added €96,000,000 inherited from the previous programming, thus exceeding 77% of the total resources of the FA.

This also means that it is necessary to plan a residual 23% of resources, equal to €140,000,000. As well as being necessary, it also appears urgent, if we consider that payments are proceeding with difficulty for the most relevant measures, also taking into consideration the presence of some extremely large projects, on MS 4.1, but also on MS 4.3 and MS 6.4, whose difficulties risk weighing on the progress of the entire Programme.

The financial progress of the procedures started in 2016 and 2017 is between 50 and 65%, considering the tenders with the greatest financial weight. Overall, payments made up to the end of 2022 stop at a modest 43% of the total.

During 2022, a tender, of a minimum amount, was published on SM 1.3: with this, and with SM 2.1, which published the rankings in 2022, all the sub-measures envisaged for this focus area were activated, even if it remains SM 8.6 stops at zero, where all the applications presented in 2018 were rejected. The other sub-measures, the most relevant from a financial point of view (4.1, 4.3, 6.4), were all started from the first years of implementation, and they had a second call, and sometimes a third, in subsequent years.

All these procedures have recorded a flow of applications much higher than the allocations initially foreseen, which has allowed and continues to allow us to be able to count on a still long list of valid projects (i.e. with high evaluation scores), both for the needs determined by the enlargement of the resources and for those that will derive from the possible savings due to the downsizing of the projects (mostly of large amounts). However, this is a reserve which, if necessary, must be activated with extreme promptness, considering the time that has passed (and the shocks that have occurred) since the submission of the applications, the complexity of the projects involved and the time necessary to carry them out.

Focus area 2B

The strategy of focus area 2B is based on the "Youth Package", which is made up of one or more (in the case of multiple settlements) first settlement premiums of €40,000, financed by SM 6.1, and co-financed investments aimed at modernizing and restructure the company being settled (with SM 4.1) and/or to develop its non-agricultural activities or, again, for afforestation operations. The picture of the focus area is completed by training and consultancy interventions, expressly dedicated to newly settled young people.

Overall, the programmed resources amount to €295,000,000, which are almost entirely covered by the restructured allocation of the 2017 Youth Package call, initially set at €235,000,000 and now increased to €304,000,000 (from which the €10,000,000 allocated must be subtracted to SM 8.1, which is not included in this FA). The concessions made until the end of 2022 on this procedure amount to €280,000,000, over 60% relating to SM 4.1 and 25% relating to SM 6.1.

The physical target and the allocations of the individual measures indicate that it is possible to admit a few dozen more applications for financing in addition to the approximately 1,800 already in progress. The physical implementation of these interventions is proceeding regularly, and payment requests have reached €173,000,000, even if those paid at the end of 2022 were only €152,000,000, i.e. 54% of the amount committed for the Youth Package.

From this aspect, the physical progress is therefore overall in line with expectations, with greater precision regarding the number of young people established, and with a few more delays with reference to the number of companies involved, whose targets had been set by underestimating the extent of the phenomenon of multiple settlements, which in fact affects almost one beneficiary in three.



During 2022, good implementation progress is reported for training activities, which have exceeded three-quarters of the physical target, even if financial progress is still late. The same cannot be said for consultancy activities, which are still stuck on the few payments made for drag-and-drop operations.

The full implementation of the 2017 Youth Package procedure will lead, as mentioned, to the full use of the resources programmed for the FA, and to their abundant exceeding, if we consider the additional €34,000,000 paid as a carryover from the previous programming. This in itself already makes it necessary to expand the programmed resources. In doing so, we should also take into account the possibility of starting a new procedure for MS 6.1, to satisfy the potential demand of the generation that in 2017 did not yet have the opportunity to participate in the tender.

Focus area 3A

SSMM 4.2, 16.1 and 14.1 represent 90% of the resources of the focus area, a similar percentage of the overall resources announced and over 93% of the amounts granted, with a prevailing weight of the first two sub-measures on the expenditure achieved up to this moment (83%).

With reference to training (SM 1.1), the activities are underway and there are no amounts authorized for payment yet. However, those granted are equal to 213% of the tender budget.

As regards the information, promotion and advertising action supported by SM 3.2, there is an absolute predominance of interventions relating to the wine sector, oriented towards a very wide range of foreign countries, and aimed mainly at participation in fairs, but in any case diversified in the promotional tools used.

The M16 shows a level of expenditure still substantially linked to the SM 16.1: for the latter the selection criteria establish an appreciable enhancement of the involvement in the partnership of subjects belonging to supply chain segments other than production, as well as those holders of the innovation. For MS 16.4, the share of applications with maximum evaluation with respect to the criterion relating to the quality of the partnership in terms of number of companies involved and number of products involved, as well as the relevance of the project with respect to the context conditions, is relevant. Finally, the entire measure has aroused considerable interest on the part of the beneficiaries, so much so as to produce a ratio between the amounts requested and the allocation of the tenders which for SSMM 16.1, 16.2 and 16.4 is between 240 and 530%.

Focus area 3B

The expenditure paid absorbs 30% of the financial allocation, with a significant advancement compared to the end of 2021. The commitments and payments concern almost exclusively the support for the reconstitution of the production potential damaged by biotic adversities, focusing mainly on the citrus fruit sector of the eastern and south-eastern part of the island. The decision to support farms affected by the fires in the summer of 2021 should be considered positively, but given a demand for spending significantly higher than the announced allocation, at the end of 2022 the SIAN has not yet recorded any concessions. Support for prevention actions remains less significant, already heavily scaled down due to the lack of participation by potential beneficiaries, while in reference to intangible investments there is no progress compared to the previous year.

Focus area 4A

The PSR dedicates approximately 36% of the entire Program budget to this focus area, with a level of physical and financial progress of the measures involved that in several cases exceeds the expected target.

While the main progress recorded compared to the previous year concerns commitments and payments, for the M11 there was also a significant increase in surfaces (+57.000 hectares thanks to the new tender), which overall cover 25% of the regional UAA (339,000 hectares), reaching the community objectives for 2030 relating to the diffusion of organic farming. The percentage of ZVNs affected by the Program also increases, rising to 35% of the regional total. Pastures and fodder - which normally require fewer chemical inputs - are the crops most represented among the beneficiary surfaces, while the prevailing direction of "organic" companies is related to the cultivation of wheat and perennial crops such as olive groves, vineyards and citrus groves.



With the implementation of measures 10 and 11, the PSR has favored the use of reduced impact practices on over 30% of the regional UAA, recording an increase of approximately 10% in the last year.

Positive results were also achieved for the support for the protection of varieties and breeds of agricultural interest at risk of genetic erosion: the intervention affected over 90% of the UBA belonging to goat and pig species at risk of extinction, 70% approximately equine and bovine species, and approximately 30% sheep species.

Among the investment measures with repercussions on FA 4A, SM 4.4 was particularly successful in terms of participation in tenders and quality of projects admitted to financing, which above all affect the maintenance of the Sicilian rural landscape.

The impact on forest biodiversity, however, is not very significant, with the most significant weight to be attributed to SM 8.1, with almost all payments involving transfers from the 2007-2013 RDP.

To combat the abandonment of agricultural activity, the M13 intervened as a priority, which covers 60% in mountain areas, together with the M12, specific for agricultural areas in Natura 2000 areas. Both measures largely affect the UAA located in areas Natura 2000 (46% and 56% respectively), where environmental constraints and margins increase production costs.

Focus area 4B

With respect to the improvement of water resources management, the most significant direct contribution is linked to the adoption of the principles of integrated agriculture, promoted by SSMM 10.1b and 10.1a, with positive effects on approximately 82,000 hectares. Further contributions concern the promotion of forest cover protection systems, financed by SM 8.1 (tree cover "filter" function), which concerns approximately 7,600 hectares.

Even if as an indirect contribution, the main role with respect to the objectives of the focus area is ensured by the M11, which involves the elimination of fertilizers and synthetic plant protection products on approximately 390,000 hectares. The contribution of MS 10.1c (transformation of arable land into pastures) also appears relevant. For the purposes of this FA, M4 must also be considered, relating to the financing of structures for improving the management of livestock waste.

Thanks to the Program, a total saving in the distribution of synthetic fertilizers has been estimated, for 2022 equal to over 24,000 t/year of nitrogen fertilizers and almost 14,000 t/year of phosphates. The estimated savings relating to glyphosate alone (one of the most used herbicides) indicates a value of over 1,240,000 liters/year of preparation.

Overall, considering all the surfaces under commitment of the Program having a significant benefit for water quality, we reach over 400,000 hectares, i.e. 30% of the regional UAA. The contribution of the Program to improve water quality shows a concentration of interventions for integrated agriculture in the ZVN, while for organic surfaces there is no such concentration.

Finally, at the moment no certified expenditure on training and consultancy has yet been recorded.

Focus area 4C

In the Region the phenomenon of soil erosion is particularly accentuated, with an estimate of the average soil loss for agricultural areas of approximately 14-15 tons/hectare/year, a value decidedly higher than the national average. The average percentage of organic matter is 1.9%, indicating soils poor in organic matter.

Thanks to the contribution of SM 10.1 and M 11, it is estimated that the PSR may have contributed to saving 2.85 t of soil per hectare from erosion annually, on surfaces equal to approximately 25% of the regional UAA. The improvement in comparison with the average losses recorded is of the order of 20%.

On grazing areas, the actions attributable to M 12 and SM 10.1.c contribute to the protection of the soil, combating erosion and limiting compaction, while the contribution of SM 4.4.d also assumes a certain importance with reference to the stabilization of the soil, both for the quality of the approved projects and for their number. On the contrary, the contribution of the M8 continues to be limited.



On the lands covered by the M11 and SM 10 commitments, the presence of organic carbon increased between 0.58% and 1.94% depending on the cultivation technique adopted, while organic farming is confirmed as the practice that most increases the organic component.

To conclude, the increase in absolute value of the organic C supply of the soils on all the SOIs is almost 270,000 tonnes, of which the majority is attributable to the M11, with effects enhanced by the increase in the areas benefiting from this measure.

Priorità 5

The objectives of FA 5A are pursued directly only through intangible investments in training and, above all, in consultancy. Not recording any type of progress compared to the end of 2021, the considerations relating to the achievement of the expected targets are weakened by the absolute immobility detected during 2022. The fact is therefore confirmed that the Sicily PSR could contribute more to water saving thanks to the effects indirect corporate investments promoted by 4.1: based on estimates of the PSAs of the beneficiary companies involving water works, almost 1,600 hectares of irrigated surface area switch to more efficient irrigation systems (micro-irrigation and sub-irrigation), equal to 1.09% of the total irrigated land on the island.

With reference to energy efficiency in the agricultural and agri-food sectors, the intangible measures linked to FA 5B still show zero progress, so from this perspective the contribution of the Program can be considered null. However, the PSR intervenes indirectly through different types of intervention in favor of energy efficiency: more efficient machinery and tractors, implementation of energy efficiency interventions for non-agricultural activities, incentive for conservative agriculture, with investments estimated at 3.8 M€ for SM 4.1 and 3.9 M€ for SM 6.4.a. Furthermore, the fuel savings resulting from the promotion of conservative agriculture are equal to approximately 350 t/year of fuel (0.34 Ktoe/year).

As regards the promotion of RES (FA 5C), the direct contributions are related to MS 16.6, which continues to have a very low level of expenditure. The spending commitments are greater, but still limited compared to the overall availability expected, while measures 1 and 2 still have a zero level of spending. Considering the measures with indirect effects, almost all of the projects concern photovoltaic systems (SM 4.1 and 6.1 primarily), with an estimate of the overall investments promoted by the PSR of €82,000,000 and the installation of a total of approximately 33 MW, equal to 2.2% of the regional total. However, the construction of plants for the production of energy from RES is subject to the "competition" of the tax breaks provided at national level for this type of plant, as well as the interventions envisaged within the PNRR.

With reference to FA 5D, direct contributions refer only to measures 1 and 2, which have not yet produced expenditure. However, a reduction in methane emissions was estimated thanks to the indirect contributions produced by the commitments of the beneficiaries of payments for organic farming (M 11), due to the lower livestock load in the beneficiary areas (over 62,000 t of CO₂ eq.) . the lower number of animals raised is also estimated to have led to an annual reduction of around 1,000 t of NH₃, equal to around 7% of overall regional emissions.

In relation to the overall CO₂ absorption capacity (FA 5E), the most important measure with direct contributions is SM 10.1f, linked to reduced tillage and the consequent preservation of the organic substance contents of the soil. Also considering indirect contributions, the surfaces that contribute to the objective amount to approximately 455,000 hectares (26% of the UAA+FOWL), mainly connected to the ability to increase the organic substance content of the land. Finally, while the contribution in terms of CO₂ sequestration determined by the increase in woody mass promoted by SM 8.1 is of the order of 20,000 t CO₂ eq./year, the ability of the PSR to prevent and restore areas destroyed by fires and other adversity is overall limited (approximately 2% of the surfaces destroyed annually by fires are reforested) in relation to the severity of the forest fire phenomenon (20-25,000 hectares of wooded areas are lost annually).

Focus area 6A

All the sub-measures have published at least one tender and the tendered resources have committed the entire financial endowment of the focus area, even if at the moment only 38% of these amounts have been admitted to financing. Financial progress is improving and the share of completed projects is also advancing,



but many physical indicators are still stuck at zero or very low and, in forecast, difficult to achieve with the project portfolio approved so far.

It was estimated by the evaluator that the projects completed so far should have created around 50 jobs, compared to a target of 750 units, which is considered difficult to achieve on the basis of the projects currently underway.

Focus area 6B

The financial implementation of sub-measures 7.2, 7.5 and 7.6 appears to be making limited progress, especially as regards the conversion of concessions into payment requests. With reference to the realizations, SM 7.2 shows a prevalence of amounts dedicated to energy systems from renewable sources, while those for the redevelopment of the historical and natural heritage and for the restoration of road, sewerage and water works are more limited. For SM 7.5 there is a slight prevalence of public beneficiaries for investments for the construction, modernization and redevelopment of small infrastructures while SM 7.6 is completely oriented towards restoration/redevelopment and regeneration initiatives of the pre-existing building heritage.

As regards the Leader, the prevalence of SM 6.4c is clear among the activated sub-measures, in coexistence with SSMM 7.2 and 7.5. The use of actions in the field of training and support for investments in agricultural companies is very limited. Finally, a substantially positive opinion is provided regarding the possibility of achieving the 2025 targets for most of the indicators.

Focus area 6C

The infrastructure interventions financed by the EAFRD to overcome the digital divide in rural areas experiencing market failure are aimed at bringing broadband (over 30 Mbps) and ultra-broadband (over 100 Mbps) to 26 municipalities in the region. In February 2023 the interventions were completed in 18, in 2 the works are underway and in 6 they have yet to begin. The connected real estate units amount to almost 17 thousand, just over half of the total and approximately two thirds of those planned. The share of connected real estate units out of the total exceeds 90% in almost all municipalities except 4. The AGCOM findings of January 2023 indicate that in all the municipalities involved the majority of the inhabited center enjoys access to broadband, even however, homes in peripheral areas are often excluded. Even in the 6 municipalities where work has yet to begin, there is already a rather significant presence of broadband. The lesser availability of connection services or, much more rarely, their total absence, affects almost exclusively the more peripheral areas of the territory of the municipalities involved, characterized by scattered house settlements. The Region has already identified the connectivity needs of agricultural companies located far from urban centers and it intends to concentrate investments on these with the residual resources of SM 7.3.