

**Part IV- Technical Measure Fiches**

**Priority Axis 1**

**Measure 101 Investments in agricultural holdings to restructure and to upgrade to Community standards**

This measure is applied in accordance with:

- Article 12 (2) of Framework Regulation – Council Regulation (EC) No 1085/2006 [Establishing an instrument for pre-accession assistance (IPA)]
- Article 174 of Regulation (EC) No: 718/2007 of 12 June 2007 [Implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)]

**1.1 Rationale**

Investment in agricultural holdings is a crucial measure to improve the agricultural sector in the country by helping farmers to reach acceptable standards of living and working conditions, improving the quality of production as well as farming profitability. These factors will, in turn, contribute to greater than before security of the agricultural profession and will encourage the young people to accept the farming as way of living.

The measure has, as a general objective, the support of tangible or intangible investments in agricultural holdings to upgrade them to Community standards and to improve their overall performance. The measure focuses on the improvement of the competitiveness of the agriculture sector through increase of the quality of production by using modern production means and technological improvement of production processes in compliance with the Community standards related to animal welfare, animal and plant health and environmental standards.

Concerning the plant sector, the investments broadly cover rejuvenation of vineyards and orchards to improve their age and variety structure, reconstruction of greenhouses (greenhouses and glasshouses) for vegetable production, and modernisation of the cultivation equipment and machinery used on-farm in the vegetation period of the concerned plant crops in order to improve the on-farm efficiency.

Reconstruction of buildings for livestock breeding (for milking or for fattening) is envisaged to upgrade the livestock production units in accordance to the animal welfare standards and waste management practices including the reconstruction of auxiliary buildings (i.e. barns for feed storage) as part of the overall investment. Modernisation of the equipment on the dairy production units to improve milking practises and milk hygiene is also supported under this measure.

An agricultural holding is the economic unit under a single management (one person or more, without regard to title, legal form, size or location) engaged in agricultural production activities comprising all livestock kept and all land used wholly or partly for agricultural purposes. A production unit is a component of

an agricultural holding (vine-producer, livestock or milk production unit etc.) and registered according to national legislation.

The investments linked to the animal breeding for meat production are targeted towards compliance to the animal welfare standards and manure handling and use, therefore contributing to the implementation of the aims set out in the Nitrates directive 91/676/EEC, partially approximated in the new Law on Water (OG 87/2008).

The eligibility criteria set for the purpose of this measure are based on available data sources and estimations made by MAFWE in accordance with the consultations of the relevant education and research institutions and stakeholders.

## **1.2 Correlation with other measures**

Within the IPARD Programme, this measure complements the implementation of the measure "Investments in the processing and marketing of agriculture and fishery products to restructure those activities and to upgrade them to Community standards" and measure under Priority axis 3 "Diversification of the economic activities in the rural areas".

The Measure 101 also complements to the national support scheme both through the Programme for Agriculture Support and the Programme for Rural Development, as well as corresponding linkage to other donor support and IFI's.

Related national policies, donor and IFI's activities are described in full in Part II.

Investments under this measure cannot be supported by any other IPA components or Community assistance or any foreign donor grant scheme. The applicant must provide a statement by own responsibility declaring that he/she is not supported for this investment project under any other IPA programs, or Community assistance or any foreign donor grant scheme or IFI's.

The IPARD Agency will ensure that all beneficiaries are checked whether they receive funds from other IPA programs, or Community assistance or any foreign donor grant scheme or IFI's that are proposed for financing under IPARD Programme. The IPARD Agency will not accept applications for projects that are financed from any other IPA programs, or Community assistance or any foreign donor grant scheme or IFI's . The IPARD Agency is obliged to check whether the project received is financed from other sources (any other IPA programs, or Community assistance or any foreign donor grant scheme or IFI's ) at two stages:

- 1) prior to approval of project;
- 2) prior of approval of payment.

The IPARD Agency will assure that future double financing is avoided by stamping the received invoices for investment with clear "IPARD" stamp by an authorised official before being the subject of a payment from the IPARD Agency.

### **1.3 Objectives**

#### **1.3.1. General objectives**

The general objective of this measure is to upgrade the agriculture holdings to the Community Standards as regards environmental protection, public health (food safety and quality), animal and plant health, animal welfare and occupational safety and to contribute to the preparation of the country for its accession to the EU.

In addition this measure complements towards the National Strategy for Agriculture and Rural Development Objectives:

- Facilitate the competition in the internal market whilst opening new market opportunities for agricultural products
- Improve the overall performance of the agriculture holdings in the production of primary agricultural products.
- Increase of the competitiveness of the farmers by the use of efficient modern technologies thus reducing the production costs;
- Promote environmentally friendly farming practises by promoting reduction of water losses, decreasing the pollution of the environment through agricultural production, and/or elimination of by-products or wastes;
- Support the farm income and living standard of farmers by promoting better quality and efficient resource use;
- Attract young people in the agriculture activities by improving their life and working conditions, as well as to ensure the hygiene and welfare conditions of the livestock.

#### **1.3.2. Specific objectives**

- To promote focused investments in the animal breeding and in the plant sector at the farm level, for the improvement of farm buildings (for livestock breeding and for plant sectors), investment in new machines and equipment, upgrade to water-efficient irrigation schemes and renewing and improvement of fruit and vineyard plantations.

### **1.4 Priority sectors and the type of eligible investments**

In accordance to the Government Decision from 25<sup>th</sup> of July, 2006, the targeted priority agriculture sectors to be supported under the Priority Axis 1 measures are wine and grapes; fruits and vegetables; milk and dairy; and meat and meat products.

The investments per priority sectors broadly cover costs for replanting the areas covered with perennials (vineyards and orchards), construction and reconstruction of farm buildings and installations for farm buildings as well as auxiliary buildings, purchase of equipment for farm buildings, improvement of on-farm irrigation systems and specialised agricultural machinery as well as on-farm manure handling to upgrade the agriculture holding to meet EU environmental requirements.

**The eligible projects shall refer to:**

- Plant production in the priority sectors Vineyards, Orchards and Vegetable production;
- Dairy livestock (cattle, sheep and goats), pig and poultry breeding in the priority sectors production of raw milk and fattening of animals for meat production.

**Through:**

1. Group of investments regards agricultural holding as a whole to support the development of viable plant production and livestock breeding farms according to the Community standards and for which the prospect of economic viability at the end of the realisation of the investment can be demonstrated,
2. Group of investments aimed to support the modernisation of particular farm operations in accordance with the Community standards to sustain the development of viable plant production and animal breeding farms and for which the prospect of economic viability at the end of the realisation of the investment can be demonstrated,

**Description of Group of Investments per priority sector:***1011 Group of investments for Vineyards*

**10111 Reconstruction of vineyards:** Investments in rehabilitation of vineyard plantations (re-conversion, replacement of the ageing vine and of hybrids only by recommended varieties) on existing surfaces, through procurement of planting material (excluding the hybrids), as well as the works carried out by third persons for upturning soil preparation, preparing the land, planting and replanting, with the exception of soil fertilizing; including upgrade of the irrigation system for efficient water use, procurement of specialised farm equipment for crop protection for spraying (including crop sprayers for all-terrain vehicles, atomisers and dusters (man-portable and self-propelled units)); spreading equipment for fertilizers (including manure and slurry spreading equipment), and equipment for crop cultivation during vegetation period (pruning, mulchers, mowers and weeders), aimed at reduction of environmental damages, as well as setting up of hail protection nets thus improving the technology level and quality of production required to take the production activities into conformity with the Community requirements;

*1012 Group of investments for Orchards*

**10121 Reconstruction of orchards:** Investments in rehabilitation of the orchard plantations (including table grapes vineyards) on existing surfaces through the procurement of planting material, as well as works carried out by third persons for upturning soil preparation, planting and replanting with the exception of soil fertilizing; including upgrade of the irrigation system for efficient water use, procurement of specialised farm equipment for crop protection for spraying (including crop sprayers for all-terrain vehicles, atomisers and dusters (man-portable and self-propelled units)); spreading equipment for fertilizers (including manure and slurry spreading equipment),

and equipment for crop cultivation during vegetation period (pruning, mulchers, mowers and weeders), aimed at reduction of environmental damages, as well as setting up of hail protection nets thus improving the technology level and quality of production required to take the production activities into conformity with the Community requirements;

<b>1013 Group of investments for Vegetable production</b>
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**10131 Construction and reconstruction of fixed greenhouses (excluding plastic tunnels):** Investment in reconstruction and modernisation of the greenhouses including replacement of the existing plastic tunnels made of light metal constructions covered with rigid plastic panels and film plastic (reinforced polyethylene, *Fiberglas Reinforced Plastic* (FRP), polycarbonate, acrylic or other coverage with life span of minimum 5 years, as well as setting up of hail and snow protection covers), with own heating installations and irrigation equipment, including ensuring of utilities – water and electric power supply, drainage of water, sewage, and waste water treatment - with respect of environmental protection and energy saving practices; including farm equipment for crop protection for spraying (including crop sprayers for all-terrain vehicles, atomisers and dusters (man-portable and self-propelled units)); spreading equipment for fertilizers (including manure and slurry spreading equipment), and equipment for crop cultivation during vegetation period (mulchers, mowers and weeders), aimed at reduction of environmental damages, as well as setting up of hail protection nets thus improving the technology level and quality of production required to take the production activities into conformity with the Community requirements;

**10132 Construction and reconstruction of existing glasshouses:** Investments in construction and reconstruction of existing glasshouses made of metal pipe, truss or and/or wood frame and glass panels, as well as hail and snow protection cover, including facilities for nurseries for vegetable, soil-less cultivation, fuel storehouses, shelters for equipments, with heating and micro-climate installations and irrigation equipment, including ensuring of utilities – water and electric power supply, drainage of water, sewage, waste water treatment - in order to respect the conditions of environmental protection and energy saving practises including farm equipment for crop protection for spraying (including crop sprayers for all-terrain vehicles, atomisers and dusters (man-portable and self-propelled units)); spreading equipment for fertilizers (including manure and slurry spreading equipment), and equipment for crop cultivation during vegetation period (mulchers, mowers and weeders), aimed at reduction of environmental damages, as well as setting up of hail protection nets thus improving the technology level and quality of production required to take the production activities into conformity with the Community requirements;

**10133 Construction and reconstruction of buildings for post harvest activities of existing greenhouses (incl. glasshouses excluding plastic tunnels):** Investments in reconstruction and extension of buildings and utilities for complementing facilities necessary for post-harvesting activities (sorting, grading, packing and storage spaces) including the necessary

equipment for sorting, grading, packing and storing of the fresh vegetable products;

**10134 Modernisation of open-field vegetable production:** Investments in on-farm irrigation systems to reduce water-losses, purchase of specialised agricultural machinery and equipment for the modernisation of the cultivation of vegetables in the vegetation period which includes farm equipment for crop protection for spraying (including crop sprayers for all-terrain vehicles, atomisers and dusters (man-portable and self-propelled units)); spreading equipment for fertilizers (including manure and slurry spreading equipment), and equipment for crop cultivation during vegetation period (mulchers, mowers and weeders), aimed at reduction of environmental damages, as well as setting up of hail protection nets thus improving the technology level and quality of production required to take the production activities into conformity with the Community requirements;

<i>1014 Group of investments for Milk production</i>
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**10141 Construction/Reconstruction of farm buildings for dairy animals (cattle, sheep and goats in lactation):** Construction and modernisation of farm buildings as well as investments for construction/reconstruction of auxiliary buildings (farm buildings for storage of fodder and barns including installations and storing equipment such as grain and silage elevators, specialised technological equipment for production of compound feed, and software) and setting up fences surrounding the stable, investments in milking, feeding and watering installations (incl. software) and equipment for ventilation, maintaining optimal microclimate, water supply, sewerage networks, electrical installations, manure deposits and reservoirs for collection of liquid manure including machinery for manure clearing and handling as well as purchase of specialised milking equipment, milk storage tanks, mobile milking aggregates, cooling equipment (including software);

**10142 Purchase of specialised equipment for milking, cooling and storage:** Purchase of specialised milking equipment, milk storage tanks, mobile milking aggregates, cooling equipment (including software) to upgrade the milk hygiene and milk quality to EU requirements for raw milk primary production;

<i>1015 Group of investments for Meat production</i>
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**10151 Construction/Reconstruction of farm buildings for sows and pigs for fattening:** Construction and modernisation of stables for sows and pigs for fattening, which includes adjustment of the existing farms to include separate complementary premises for fattening, resting, insemination premises, storage premises, as well as fodder storage, barns, along with installations (including software) and equipment for feeding and watering, ventilation, maintaining optimal microclimate, water supply, sewerage networks, electric installations, manure deposits, including machinery for manure clearing and handling and specialised technological equipment for production of compound feed;

**10152 Setting up of new poultry production units for broilers and modernising of existing ones:** Setting up of production units for poultry fattening (broilers), modernising of existing ones, including the complementary buildings and utilities: paddocks, feed storage, and equipment for ventilation, maintaining optimal microclimate, feeding and watering installations (including software), water supply, sewerage networks, electric installations, manure deposits including machinery for manure clearing and handling, cleaning stations for waste water treatment, installations for preparation of feed mixtures and enclosures for limiting the concerned areas.

## **1.5 Eligibility Criteria**

### **1.5.1. Requirements for application**

#### *General requirements*

- 1) The applicant must submit an Application Form supported with a set of required documents.
- 2) The applicant must demonstrate prospect of economic viability at the end of realization of the investment through Business Plan. The calculation of the prospect of economic and financial viability of the applicant is according to the Methodology for assessing Business Plan.
  - In case of construction and/or reconstruction Technical documentation with construction/ reconstruction plans must be prepared and submitted with the application-supplement to the Business Plan as well as to assure compliance of the investment with the specified civil engineering standards of the Municipality or to other standards acceptable to the Municipality in accordance to the urban and spatial plans;
- 3) Investments in application must comply with the minimum national standards regarding the environmental protection, public health, animal and plant health, animal welfare and occupational safety at the time when then decision to grant support is taken (Relevant Legislation Listed in Annex 25).
- 4) By derogation from point (3), where national minimum standards based on Community standards have been newly introduced at the time the application is received, assistance may be granted regardless of non-compliance with those standard on the condition that the production unit shall meet the new standards by the end of the realisation of the investment.
- 5) Assistance shall be granted on the condition that the investments comply with the relevant Community standards as defined by article 170 (1) of Commission Regulation (EC) No:718/2007 of 12 June 2007 [Implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)] at the end of the investment.

- 6) The applicant must have no outstanding liabilities against state in terms of fiscal obligations, financial obligations to the health, social and pension insurance funds as well as no outstanding financial obligations to MAFWE based on contractual arrangements.
- 7) The applicant must prove that he/she is the owner of the land or they have rent or concession contracts for land of minimum 5 years in case of investments, which do not imply construction works on farm buildings, irrigation improvement or reconstruction of perennials. In case of investments which apply construction works, irrigation improvement or reconstruction of perennials specific requirements apply;
- 8) The Applicant must assure compliance of the project with the Local Development Strategy of the concerned Municipality where the investment is located. If the Municipality has not yet adopted Local Development Strategy by the time of submitting application for grant, the Applicant shall elaborate within the Business Plan the prospects of the investment for the local development of the concerned Municipality where the investment is located.

*Specific requirements for the project*

**Priority sector 1011 Vineyards: Group of investments 10111: Reconstruction of vineyards**

- 1) The reconstruction of vine plantations on existing surfaces without their increase is only eligible if one of the following conditions applies:
  - replacing of the vines older than 20 years;
  - replacing the vines of not recommended varieties and hybrids with vines of varieties which are recommended according to the Book of Rules on classification of wine grape varieties (OG 6/2007)- Annex 21;
- 2) The vineyards owned or rented by the applicant must be located in the vine regions in the vine growing areas as in Annex 15;
- 3) Upgrade of the existing irrigation system for vineyards planted with authorised and recommended varieties intended for production of quality and regional wines can be subject to investment project, according to Article 3 and 11 from Law on Wine OG (69/04) and the Book of Rules on classification of wine grape varieties (OG 6/2007) – Annex 21;
  - The investments in irrigation must be to reconstruct the existing inefficient water distribution channels with water-saving irrigation technology;
  - Only the on-farm investments in irrigation systems are to be considered as eligible investment;



- The applicant has to prove the source or availability of water through an agreement with the Water Communities or Water economies or through existence of on-farm well for irrigation purposes according to the Article 29 of the Law on Water (OG 87/2008);
- 4) The applicant has to prove for the rented agricultural land the right to use it for a minimum of 10 years, in case of renovation and replacement of vineyards and in case of irrigation improvement.
- 5) In the case where the project for reconstruction of perennials includes purchase of eligible farm equipment for vineyards (as described in section 1.4. Priority sectors and the type of eligible investments), the total eligible costs for the concerned equipment (excluding the total eligible costs for improvement of the irrigation system) should not exceed 35% of the total eligible costs of investment (excluding the total eligible costs of investment concerning general costs) foreseen within the project;
- 6) The applicant whose project concerns investments only in purchase of farm equipment (as described in section 1.4. Priority sectors and the type of eligible investments), the farm equipment must be intended for upgrade and modernisation of farm operations for cultivation of vineyards, in order to take the production activities into conformity with the Community requirements. The total eligible costs for the concerned equipment (excluding the total eligible costs for improvement of the irrigation system) should not exceed 35% of the maximum ceiling for total eligible costs of the investments for measure 101 as determined in Section 1.10, point 2.;

**Priority sector 1012 Orchards: Group of investments 10121  
Reconstruction of orchards**

- 1) The reconstruction of orchards to be achieved on existing surfaces by replacing the fruit trees older than 15 years or the fruit trees of variety not included in the List of the fruit varieties eligible for planting in the country, (OG 41/2006)- Annex 22;
- 2) Upgrade of the existing irrigation scheme for orchards planted with varieties according to- Annex 22 can be subject to assistance if the following conditions apply:
  - The investments in irrigation must be to reconstruct the existing inefficient water distribution channels with water-saving irrigation technology;
  - Only the on-farm investments in existing irrigation systems are to be considered as eligible investment.
  - The applicant has to prove the source or availability of water through an agreement with the Water Communities or Water economies or through existence of on-farm well for irrigation purposes according to the Article 29 of the Law on Water (OG 87/2008);

- 3) The applicant has to prove for the rented agricultural land the right to use it for a minimum of 10 years, in case of renovation and replacement of orchards and in case of irrigation improvement.
- 4) In the case where the project for reconstruction of perennials includes purchase of eligible farm equipment for orchards (as described in section 1.4. Priority sectors and the type of eligible investments), the total eligible costs for the concerned equipment (excluding the total eligible costs for improvement of the irrigation system) should not exceed 35% of the total eligible costs of investment (excluding the total eligible costs of investment concerning general costs) foreseen within the project;
- 5) The applicant whose project concerns investments only in purchase of farm equipment (as described in section 1.4. Priority sectors and the type of eligible investments), the farm equipment must be linked to the technical farm operations for cultivation of orchards, which is intended for upgrade and modernisation required to take the production activities into conformity with the Community requirements. The total eligible costs for the concerned equipment (excluding the total eligible costs for improvement of the irrigation system) should not exceed 35% of the maximum ceiling for total eligible costs of the investment for measure 101 as determined in Section 1.10, point 2.;

**Priority sector 1013 Vegetables: Group of investments 10131 Construction and reconstruction of fixed greenhouses (excluding plastic tunnels):**

- 1) The project must consider investments in construction and improvement of existing greenhouses or replacement of plastic tunnels with fixed greenhouses;
- 2) Upgrade of the irrigation scheme for fixed greenhouses of light metal construction and plastic panel or film coverage (excluding plastic tunnels) can be subject to investment project if the following conditions apply:
  - The investments in irrigation must be to reconstruct the existing inefficient water distribution channels with water-saving irrigation technology;
  - Only the on-farm investments in existing irrigation systems are to be considered as eligible investment.
  - The applicant has to prove the source or availability of water through an agreement with the Water Communities or Water economies or through existence of on-farm well for irrigation purposes according to the Article 29 of the Law on Water (OG 87/2008);
- 3) In the case where the project includes purchase of eligible farm equipment (as described in section 1.4. Priority sectors and the type of eligible investments), the total eligible costs for the concerned farm equipment (excluding the total eligible costs for improvement of the irrigation system) should not exceed 25% of the total eligible cost of investment (excluding

the total eligible costs of investment concerning general costs) foreseen within the project;

- 4) The applicant whose project concerns investments only in purchase of farm equipment (as described in section 1.4. Priority sectors and the type of eligible investments), the farm equipment must be linked to the technical farm operation for cultivation of vegetable, which is intended for upgrade and modernisation required to take the production activities into conformity with the Community requirements. The total eligible costs for the concerned farm equipment (excluding the total eligible costs for improvement of the irrigation system) should not exceed 25% of the maximum ceiling for total eligible costs of the investments for measure 101 as determined in Section 1.10, point 2.;

**Priority sector 1013 Vegetables: Group of investments 10132  
Construction and reconstruction of existing glasshouses**

- 1) Technical documentation with construction/reconstruction plans must be prepared and submitted with the application-supplement to the Business Plan, assuring that the project for investments in glasshouses will bring the existing facility in accordance to the European Standards for Greenhouses EN 13031-1:2003 describing Design and construction of greenhouses including horticultural equipment, agricultural facilities, Structural design, Commercial, Business facilities, Stability, Durability etc. for vegetable production.
- 2) Upgrade of the existing irrigation scheme for glass-houses can be subject to investment project if the following conditions apply:
  - The investments in irrigation must be to reconstruct the existing inefficient water distribution channels with water-saving irrigation technology;
  - Only the on-farm investments in existing irrigation systems are to be considered as eligible investment.
  - The applicant has to prove the source or availability of water through an agreement with the Water Communities or Water economies or through existence of on-farm well for irrigation purposes according to the Article 29 of the Law on Water (OG 87/2008);
- 3) In case where the applicant is renting the glasshouse/s which are subject to investment, he/she has to prove the right to use it for a minimum of 10 years;
- 4) In the case where the project includes purchase of eligible farm equipment (as described in section 1.4. Priority sectors and the type of eligible investments), the total eligible costs for the concerned farm equipment (excluding the total eligible costs for improvement of the irrigation system) should not exceed 25% of the total eligible costs of investment (excluding

the total eligible costs of investment concerning general costs) foreseen within the project;

- 5) The applicant whose project concerns investments only in purchase of equipment (as described in section 1.4. Priority sectors and the type of eligible investments), the equipment must be linked to the technical farm operation for cultivation of vegetables in the vegetation period, which is intended for upgrade and modernisation required to take the production activities into conformity with the Community requirements. The total eligible costs for the concerned farm equipment (excluding the total eligible costs for improvement of the irrigation system) should not exceed 25% of the maximum ceiling for total eligible costs of the investment for measure 101 as determined in Section 1.10, point 2.;

**Priority sector 1013 Vegetables: Group of investments 10133  
Construction and reconstruction of buildings for post harvest activities  
of existing greenhouses (incl. glasshouses excluding plastic tunnels):**

- 1) The project must consider investments in buildings to upgrade the existing greenhouses (incl. glasshouses excluding plastic tunnels) cultivated by the applicant for the purpose of including post-harvesting activities;
- 2) Technical documentation with construction/reconstruction plans must be prepared and submitted with the application-supplement to the Business Plan;
- 3) The project for investments in construction or reconstruction of buildings for including post-harvesting facilities (sorting, grading, packing and storage spaces) must include the necessary equipment for sorting, grading, packing and storing of the fresh vegetable products;
- 4) The project for investments only in equipment for sorting, grading, packing and storing of the fresh vegetable products, providing that the building where the equipment will be placed exists, are eligible;
- 5) The applicant must prove that he/she is the owner of the building or he/she has rent or concession contracts for the building of minimum of 10 years; In case of investments in construction of new buildings the Applicant must prove ownership of the land (construction sight);

**Priority sector 1013 Vegetables: Group of investments 10134  
Modernisation of open-field vegetable production**

- 1) Upgrade of the existing irrigation scheme for open-field vegetable production can be subject to investment project if the following conditions apply:
  - The investments in irrigation must be to reconstruct the existing inefficient water distribution channels with water-saving irrigation technology;

- Only the on-farm investments in existing irrigation systems are to be considered as eligible investment.
  - The applicant has to prove the source or availability of water through an agreement with the Water Communities or Water economies or through existence of on-farm well for irrigation purposes according to the Article 29 of the Law on Water (OG 87/2008);
- 2) The applicant whose project concerns investments only in purchase of equipment (as described in section 1.4. Priority sectors and the type of eligible investments), the equipment must be linked to the technical farm operation for cultivation of vegetables in the vegetation period, which is intended for upgrade and modernisation required to take the production activities into conformity with the Community requirements and the total eligible costs for the concerned farm equipment (excluding the total eligible costs for improvement of the irrigation system) should not exceed 25% of the maximum ceiling for total eligible costs of the investments for measure 101 as determined in Section 1.10, point 2.;

**Priority sector 1014 Milk production: Group of investments 10141 Construction/Reconstruction of farm buildings for dairy animals (cattle, sheep and goats in lactation):**

- 1) The farm building must comply to the animal welfare standards concerning the minimal size per dairy cows, sheep and goat as follows:
  - a. The stable size for dairy cows must have a minimum stable size of 5 m<sup>2</sup> per dairy cow without the resting boxes;
  - b. The stable size for sheep and goats in lactation must be with minimum stable surface of approximately 1,4m<sup>2</sup> per animal without the resting boxes;
- 2) The stable must be complemented with separate premises for resting, insemination premises, milking halls and milk storage premises equipped with milk filtration, refrigeration and storage equipment and according to the sanitary and veterinary standards;
- 3) The stables for breeding of dairy cows, sheep and goat must be complemented with investments in manure handling and manure storage facilities according to the standards as outlined in Annex 26 Storage and Handling of Manure;
- 4) The project for reconstruction of farm buildings for dairy animals includes purchase of specialized milking and cooling equipment for improvement of milk hygiene, the total eligible costs for the concerned equipment should not exceed 35% of the total eligible costs of investment (excluding the total eligible costs of investment concerning general costs) foreseen within the project;

- 5) The project aiming at investment in improvement of farm buildings for storage of fodder and barns must be complemented with investments in manure handling and manure storage facilities according to the standards as outlined in Annex 26 Storage and Handling of Manure;
- 6) In case where the applicant is renting the farm building/s which are subject to investment, he/she has to prove the right to use it for a minimum of 10 years;
- 7) In the case where the project for reconstruction of farm buildings for storage of fodder and barns includes purchase of storing equipment and specialised technological equipment for production of compound feed, the total eligible costs for the concerned equipment should not exceed 45% of the total eligible costs of investment (excluding the total eligible costs of investment concerning general costs) foreseen within the project;
- 8) The investments in purchase of specialised milking equipment, milk storage tanks, mobile milking aggregates, cooling equipment (including software) and milking, feeding and watering installations (incl. software) must comply with the Community standards for raw milk production as follows:
- 9) As regards specifically investments in the milk sector with total eligible costs of the investment below or equal 200.000 euros, the investment must comply with EU standards, and in particular those specified in Regulation (EC) No 853/2004, Annex III, Section IX Chapter I, Raw milk primary production. However, the criteria stated in Regulation (EC) No 853/2004, Annex III, Section IX Chapter I, part III, point 3 (plate count and somatic cells), shall be considered as an aim to be reached and not as a precondition
- 10) As regards specifically investments in the milk sector with total eligible costs of the investment above 200.000 euros not exceeding the maximum amount of total eligible costs of the investment of 400,000 Euro, the dairy production unit must comply with EU standards, and in particular those specified in Chapter I raw milk – primary production of Section IX of Regulation (EC) No 853/2004 with the exemption of sub-section III Criteria for raw milk primary production. However, the criteria stated in Regulation (EC) No 853/2004, Annex III, Section IX Chapter I, part III, point 3 (plate count and somatic cells), shall be considered as an aim to be reached and not as a precondition

**Priority sector 1014 Milk production: Group of investments 10142  
Purchase of specialised equipment for milking, cooling and storage**

- 1) The project concerning investment only in purchase of specialised equipment for milking, cooling and storage must aim to bring the whole dairy production unit to the EU standards for raw milk production;
- 2) The project concerning investment only in purchase of specialised equipment for milking, cooling and storage must be complemented with

investments in manure handling and manure storage facilities according to the standards as outlined in Annex 26 Storage and Handling of Manure;

- 3) As regards specifically investments in the milk sector with total eligible costs of the investment below or equal 200.000 euros, the investment must comply with EU standards, and in particular those specified in Regulation (EC) No 853/2004, Annex III, Section IX Chapter I, Raw milk primary production. However, the criteria stated in Regulation (EC) No 853/2004, Annex III, Section IX Chapter I, part III, point 3 (plate count and somatic cells), shall be considered as an aim to be reached and not as a precondition
- 4) As regards specifically investments in the milk sector with total eligible costs of the investment above 200.000 euros not exceeding the maximum amount of total eligible costs of the investment of 400,000 Euro, the dairy production unit must comply with EU standards, and in particular those specified in Chapter I raw milk – primary production of Section IX of Regulation (EC) No 853/2004 with the exemption of sub-section III Criteria for raw milk primary production. However, the criteria stated in Regulation (EC) No 853/2004, Annex III, Section IX Chapter I, part III, point 3 (plate count and somatic cells), shall be considered as an aim to be reached and not as a precondition

**Priority sector 1015 Meat production: Group of investments 10151: Construction/Reconstruction of farm buildings for sows and pigs for fattening:**

- 1) The farm building must comply to the animal welfare standards concerning the minimal size per sow or fattening pig as follows:
  - The stable size for breeding sows must be with the minimum stable surface per animal being approximately 1.3 m<sup>2</sup> per sow
  - The stable size for fattening pigs must be with the minimum stable surface per animal being approximately 0.65 m<sup>2</sup> per fattening pig;
- 2) The farm building must be complemented with separate premises for fattening, resting, insemination premises, storage premises, according to the animal welfare and veterinary standards;
- 3) The stables for sows and pigs for fattening must be complemented with investments in manure handling and manure storage facilities according to the standards as outlined in Annex 26 Storage and Handling of Manure;
- 4) In case where the applicant is renting the farm building/s which are subject to investment, he/she has to prove the right to use it for a minimum of 10 years;
- 5) In the case where the project for reconstruction of farm buildings includes renovation of fodder storage and barns and purchase of specialized

equipment for production of compound feed, the total eligible costs for the concerned equipment should not exceed 25% of the total eligible costs of investment (excluding the total eligible costs of investment concerning general costs) foreseen within the project; The applicant whose project concerns investments only in purchase of equipment, the total eligible costs for the concerned equipment should not exceed 45% of the maximum ceiling for total eligible costs of the investments for measure 101 as determined in Section 1.10, point 2.;

**Priority sector 1015 Meat production: Group of investments 10152: Setting up of new poultry farms for broilers and modernising of existing ones**

- 1) The farm building must comply to the animal welfare standards concerning the minimal size per bird (broiler) as follows:
  - The stable size for poultry breeding must be with minimum surface of 30 kg/m<sup>2</sup> or 17 broilers per 1 m<sup>2</sup>;
- 2) The stables for animal breeding (poultry) must be complemented with manure handling and manure storage facilities according to the standards as outlined in Annex 26 Storage and Handling of Manure;
- 3) In case where the applicant is renting the farm building/s which are subject to investment, he/she has to prove the right to use it for a minimum of 10 years; In case of investments in construction of new buildings the Applicant must prove ownership of the land (construction sight);
- 4) The applicant whose project concerns investments only in purchase of equipment, the total eligible costs for the concerned equipment should not exceed 45% of maximum ceiling for total eligible costs of the investments for measure 101 as determined in Section 1.10, point 2.;

**1.5.2. Eligible Investments**

- 1) All the investment provided for at Paragraph 1.4 – “Priority sectors and the type of eligible investments”
- 2) The eligible expenditures are:
  - (a) Construction of new buildings and installations and reconstruction of the existing ones. Eligible expenditure shall be limited to the construction or improvement of immovable property;
  - (b) The purchase of new machinery and equipment, including computer software up to the market value of the asset shall be considered as eligible;
    - In case of purchase of farm equipment for plant production (orchards, vineyards and vegetable production) only the specialised farm equipment for crop protection for spraying (including crop sprayers for all-terrain vehicles, atomisers and



dusters (man-portable and self-propelled units)); spreading equipment for fertilizers (including manure and slurry spreading equipment), and equipment for crop cultivation during vegetation period (mulchers, mowers and weederes), as well as hail protection nets are considered as eligible equipment and machinery;

- Co-financed new machinery and equipment must come from MS, CCs, potential CCs, countries benefiting from the "European Neighbourhood and Partnership Instrument" and other countries where reciprocal access to their external assistance has been established by the Commission [Article 19 of IPA Council Regulation (EC) No 1085/2006 Establishing an instrument for pre-accession assistance (IPA)]

The eligible expenditures are specified in the List of eligible Expenditures as accepted by the Commission.

(c) Purchase of perennials (fruit trees and vines);

(d) General costs linked to expenditure referred to in points (a) and (b) and c) such as architects', engineers' and other consultation fees, feasibility studies, the acquisition of patent rights and licences shall be eligible up to a ceiling of 12% of the costs referred to in points (a),(b) and c) according to the following conditions:

- for projects with eligible expenditure of the investments referred to in points (a), (b) and (c) of at least € 1 million and no more than € 3million, the business plan preparation costs cannot be greater than 4% of the eligible expenditure of these investments; and
- for projects with eligible expenditure of the investments referred to in points (a), (b) and (c) less than € 1 million, the business plan preparation costs cannot be greater than 5% of the eligible expenditure of these investments.

3) Not eligible expenditures are those listed in Article 32 paragraph 4 of the Sectoral Agreement;

## 1.6 Selection Criteria

*Priority shall be given to projects, which demonstrate the following criteria:*

N	CRITERION	INDICATOR	Score if yes	Maximum points per criterion
1	Support to farmers association and joint activities	- the investment is proposed by individual agriculture producers who is member of agriculture cooperative or agriculture associations	35	35
		- the investment is proposed by agriculture cooperatives or	30	

		- the investment is proposed by legal entities established by farmers associations	25	
2	Promotion of environmental protection	Investment supports introduction of on-farm energy and water saving practices and promote agriculture practices with regards to protection of the environment*	25	25
3	Improvement of gender and age structure in agriculture production	Investment is proposed by women	15	30
		Investment is proposed by young farmers (between 18 and 40 years)	15	
4	Commercial orientation of the agriculture production	Contractual relationships for deliveries of the raw material produced in the agriculture holding to the food supply chain	10	10
	<b>TOTAL</b>			<b>100</b>

To promote investments and technologies, which aim to protect the environment (zero or positive impact), for both the plant and animal-breeding sector, such as:

- Water - irrigation systems with low water consumption (for example drip irrigation systems), systems of adapting the animals with the ration water consumption and minimising the water losses (for example drinking troughs with constant level)
- Energy – investments in equipment for using recoverable energies (biogas, solar energy, windmills, geo-thermal energy, etc.
- Investments in equipment ensuring hygienic and welfare of animals in the holding.
- Investments in farm buildings by using local resources and are of ecological design (wood, stone etc.)
- Investments in specific crop protection equipment for ensuring the integrated management for controlling the pests and diseases
- Investments in equipment that ensure the management of organic waste in the farm (basins for stocking the liquid manure, platforms of making compost from farmyard manure)
- Equipment for loading, transportation and spreading the farmyard manure in the field;
- Installations for waste waters treatment and recycling the treated water

In the process of selection, the eligibility criteria will be checked first. In case the application meet these requirements, the Business Plan will be assessed and future evaluation will be done according to the selection criteria laid down in the scoring table above, in order to be sure that the investment meets the objectives of the measure.

The process for approval of investments is according to the procedures of the IPARD Agency.

## 1.7 Beneficiaries

### 1.7.1. General definition of beneficiaries:

**Aid can be granted to economically viable agriculture holdings owned or leased by natural person or legal person-individual agriculture producers, cooperatives or legal entities dealing in agriculture to restructure and to upgrade to Community standards.**

For the purpose of this Programme, a "viable" agriculture holding is one with expected future capacity to operate profitably, and meet, from estimated income, its future financial commitments relating to: farm operating costs; debt servicing costs; and the future capital requirements for plant and improvements, and importantly, maintaining the resource base.

### 1.7.2. Description of Final beneficiaries:

Aid can be granted to an individual agriculture producer/natural person, cooperative and any legal entity which is registered in the Farm Registry established within MAFWE in accordance with the Law on Agriculture and Rural Development (OG 134/2007)

- Individual producer is a natural person who is dealing in agriculture on his/her own account being the owner of a farm or who has the right to use the farm obtained through a legal agreement by the owner;
- Sole proprietor, in accordance with the Law on Trade companies (OG 28/04; 84/05; 25/07; 87/08), who is performing agriculture activity on his/her own account and being registered as such in the Central Registry (according to the National Classification of Economic Activities (OG 147/08));
- Privately owned commercial company established in accordance to the Law on Trade companies(OG 28/04, 84/05, 25/07, 87/08).which is dealing with agriculture as primary economic activity and is being registered as such in the Central Registry [according to the National Classification of Economic Activities (OG 147/08)];
- Cooperatives established according to the Law on Cooperatives (OG 54/02; 84/05)<sup>124</sup> dealing with agriculture as primary economic activity and

<sup>124</sup>

According to the Law on Cooperatives (OG. 54/02 and 84/05) Cooperatives are legal entity established by associates-natural and legal entities for the purpose of representing or protection of certain number of precisely specified economic interests of the cooperates, in all fields of activity, except banking and insurance and activities which by law are not allowed to set up a cooperative. Minimum number of members to establish the cooperative is three natural or legal entities.

which are registered in the Central Registry [according to the National Classification of Economic Activities (OG 147/08)];

- Natural persons and Legal entities (sole proprietor and privately owned commercial companies established in accordance to the Law on Trade companies(OG 28/04; 84/05; 25/07; 87/08) which are entering into agriculture activities subject to fulfilling the specific requirements as in section 1.7.3 Specific definition of beneficiary per priority sector.

#### 1.7.3. Specific definition of beneficiary per priority sector:

In addition to the requirements outlined in section 1.5 Eligible criteria, the final beneficiary of each of the eligible priority sector subject to this measure must be in compliance with specific definitions of minimum and maximum size and capacity of the agriculture holding per priority sectors, as outlined in the table 1 below:

Table 1: Size of the capacities of the eligible beneficiaries for Measure 101

Beneficiaries	Priority sector	Group of Investment	m.u.**	Size of eligible beneficiary	
				min	max
Individual agriculture producer					
Plant Production	1011 Vineyards				
		10111	ha	0.5	20
	1012 Orchards				
		10121	ha	0.5	15
	1013 Vegetables				
	-greenhouses	10131;10133	ha	0.3	3
	-glasshouses	10132; 10133;	ha	0.1	2.5
	-open-field	10134	ha	0.5	15
Animal production	1014 Milk production				
	- milking cows	10141; 10142	heads	10	100
	- milking goats	10141; 10142	heads	50	500
	- milking ewes	10141; 10142	heads	300	3,000
	1015 Meat production				
	-pigs, for fattening	10151	heads***	2,000	8,000
	-sows	10151	heads	40	100
	-broilers	10152	heads***	5,000	30,000
Agriculture cooperatives, legal entities dealing in agriculture, commercial companies entering into agriculture activities					
Plant production	1011 Vineyards				
		10111	ha	0.5	50
	1012 Orchards				
		10121	ha	0.5	30
	1013 Vegetables				
	-greenhouses	10131;10133	ha	1.0	8
	-glasshouses	10132; 10133;	ha	1.5	6
	-open-field	10134	ha	0.5	30
Animal	1014 Milk production				

<i>production</i>	- milking cows	10141; 10142	heads	15	150
	- milking goats	10141; 10142	heads	80	800
	- milking ewes	10141; 10142	heads	500	8,000
	<b>1015 Meat production</b>				
	-pigs, for fattening	10151	heads***	2,000	30,000
	-sows	10151	heads	40	400
	-broilers	10152	heads***	5,000	60,000

\*\* Cultivable land (owned or leased) or number of animals owned;

\*\*\* Annual turnover

#### 1.7.4. Other requirements (occupational skills etc.)

The beneficiaries (natural persons and/or owner of an agriculture holding or having the right to use the agriculture holding, sole proprietor, responsible person of the legal entity, or a manager of agricultural business/cooperative) shall prove minimum secondary school education by high school diploma or training certificate issued by relevant training institutions<sup>125</sup> including the list of attended training modules with relevance to the investment. Applicants that fail to meet the above skills will have to participate and pass a vocational training course organised under the Programme for Rural Development, before applying for final payment.

In accordance with Article 21 of the SA, ex-post checks shall be carried out within 5 years of the date of final payment to the final beneficiary. Since in case of retirement of the final beneficiary during this period substantial change occurs, the natural person (owner of a farm or having the right to use the farm), the sole proprietor or the responsible person of the legal entity (commercial company or cooperative) at the start of the investment must not be older than 59 years of age for male and 57 for women bearing in mind the age limit for retirement being 64 for man and 62 for women according to the provisions of the Law on pension and social insurance<sup>126</sup>.

The responsible person of the legal entity must be permanently employed.

### 1.8 National legislation in force

The legislation undergoing harmonisation and the national legislation in force are indicated in Part II of the IPARD Programme-“National Governance Context” as well as listed in Annex 25.

### 1.9 Aid intensity

Total public expenditure (national + EU funds) will not exceed a ceiling of 50% of the total eligible cost of the investment. However, that ceiling shall be raised up to:

<sup>125</sup> According to the Law on vocational training (OG 71/06) certificate can be obtained in institutions for vocational education and training (schools for vocational training and centres for vocational training);

<sup>126</sup> (OG 80/93, 3/94, 14/95, 71/96, 32/97, 24/00, 96/00, 50/01, 85/03, 50/04, 4/05, 101/05, 70/06, 153/07, 152/08, 161/08)

- 55% for investments in agricultural holdings made by young farmers<sup>127</sup>;
- 60% for investments in agricultural holdings in mountain areas;
- 65% for investments in agricultural holdings in mountain areas made by young farmers;

#### **1.10 Financing**

1. The degree of public intervention for the projects of private interest is 50% of which:
  - 75% is EU contribution
  - 25% from the national budget
2. Within this program projects of a minimum total eligible cost of the investments of 5,000 Euro (minimum ceiling) and maximum 200 000 Euro will be financed, subject to the following requirements:
  - The applicant applying for projects whose value of the total eligible costs of the investment is below or equal to 200 000 Euro, the investment must be in compliance with Community standards as defined by article 170(1) of Commission Regulation (EC) No 718/2007[Implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)] at the end of the investment.
  - The applicant applying for projects whose value of the total eligible costs of the investment is above 200 000 Euro (but not exceeding the maximum amount of total eligible costs of 400 000 Euro), the project must consider investment to bring the agriculture holding in full compliance with Community standards as defined by article 170(1) of Commission Regulation (EC) No 718/2007 [Implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)] at the end of the investment.
3. The maximum total eligible costs within the programming period 2007-2013 are 530 000 EUR per agricultural holding. Applicants may submit several projects, provided that the total maximum ceiling is not exceeded and previous projects have been successfully finalized i.e. the final payment is received.

Where national minimum standards based on Community standards have been newly introduced at the time when the application is received, assistance may be granted regardless of non compliance with those standards on the condition that the enterprise shall meet the new standards by the end of realisation of the investment.

The eligible project activities have to take place after the signature of the contract with exception to feasibility and technical studies, in the limit of the percentage approved in the measures. The payment of the financial support

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<sup>127</sup> (EC) No 718/2007 (OJ L 170, 29.6.2007), Article 170 point (3): "a farmer under 40 years of age at the time when the decision to grant support is taken, possessing adequate occupational skills and competence."

will be made on the base of justifying documents, which prove the accomplishing of the activities and their eligibility. For purchase of machinery and equipment, the payment will be made as a single payment at the end of the investment. For investments concerning construction and reconstruction of farm buildings including equipment, the payment can be made in maximum two installments, according to beneficiaries' choice. In this case the first instalment shall be paid after the finalisation of the construction or reconstruction works and the second instalment after the installation of the equipment, i.e. at the end of the investments.

The investment expenditures include also the expenditures for preparation of Business Plan and investment project at the rate of maximum 5% of investment project value and maximum 12% in case of technical project for construction for general costs, such as engineers' and consultants' fees, legal fees, feasibility studies for preparing and/or implementing a project.

The planned relative importance of Measure 101: Investments in agriculture holdings in relation to the other measures being financed under IPARD is approximately 43%.

Table 2: Indicative Financial Plan for Measure 101 (2007-2011), in EUR

Year	Total eligible cost	Public expenditure						Private contribution	
		Total		EU contribution		National contribution			
	EUR	EUR	%	EUR	%	EUR	%	EUR	%
1	2=3+9	3=5+7	4=3/2	5	6=5/3	7	8=7/3	9	10=9/2
2007	2,408,000	1,204,000	50%	903,000	75%	301,000.0	25%	1,204,000.0	50%
2008	7,682,667	3,841,333	50%	2,881,000	75%	960,333.3	25%	3,841,333.3	50%
2009	11,696,000	5,848,000	50%	4,386,000	75%	1,462,000.0	25%	5,848,000.0	50%
2010	12,000,000	6,000,000	50%	4,500,000	75%	1,500,000.0	25%	6,000,000.0	50%
2011	16,053,333	8,026,667	50%	6,020,000	75%	2,006,667	25%	8,026,666.7	50%
Total	49,840,000.0	24,920,000.0	50%	18,690,000.0	75%	6,230,000.0	25%	24,920,000.0	50%

The distribution of the public investment is according to the objectives to be achieved under this measure.

Table 3: Breakdown of Measure 101 per priority sectors, in Euro

Group of investments		% of the measure 101	EU funds	National Co-financing	Private contribution	Total cost
1011	Vineyards	10,50%	1,962,450	654,150	2,616,600	5,233,200
1012	Orchards	9,50%	1,775,550	591,850	2,367,400	4,734,800
1013	Vegetable	16%	2,990,400	996,800	3,987,200	7,974,400
1014	Milk production	39%	7,289,100	2,429,700	9,718,800	19,437,600
1015	Meat Production	25%	4,672,500	1,557,500	6,230,000	12,460,000
	Total	100%	18,690,000	6,230,000	24,920,000	49,840,000

### 1.11 Financing Conditions

- Beneficiaries-natural persons must run accounting books in accordance with the requirements for provision of information to the National Extension Agency for the purpose of the Farm Monitoring System for the period of at least 5 years after the investment is approved as well as to provide information and Farm Accountancy Data Network, if the information is asked;
- Beneficiaries-legal entities are obliged to keep all accounting records at least 5 years after the investments take place as well as to provide information to the National Extension Agency for the purpose of the Farm Monitoring System and Farm Accountancy Data Network, if the information is asked;
- The beneficiary should collaborate and provide any requested information to the officials of MAFWE, IPARD Agency or European Commission authorised to control and audit the implementation of the project as well as NAO/NF and Auditing Authority.
- Investment within five years from the date of the authorization of the payment by the IPARD agency must not undergo a substantial modification.
- The beneficiary may again apply for support, following the completion of a previous project and reception of final payment for previous completed project.

### 1.12 Geographical Coverage

This measure applies on the whole territory of the country.

### 1.13 Quantified targets for EU common indicators:

Type of indicator	Indicator	Target
Output	Number of agriculture holdings supported (2007-2011)	93
	Total volume of investment (2007-2011)	49.84 Mio. EUR
Result	Number of holdings introducing Community standards	93
Impact	Net additional value expressed in PPS	*
	Change in gross value added per annual work unit	*

\* To be completed by means of survey and other evaluation models, carried out by MAFWE before implementation of the Programme

### 1.14 Programme specific indicators and quantified targets

- o Share of reconstructed vineyards (%)
- o Share of reconstructed orchards (%)
- o Share of constructed fixed greenhouses (%)
- o Share of reconstructed plastic tunnels into fixed greenhouses (%)
- o Share of reconstructed glasshouses (%)



- Share of glasshouses including post-harvest activities (%)
- Share of assisted agricultural holdings that have introduced animal welfare improvements (%)
- Share of assisted agricultural holdings that have improved milk hygiene requirements according to Community requirements (%)
- Share of assisted agricultural holdings that have improved farm manure storage practices (%)
- Share of young farmers of total assisted farmers (%)
- Share of women of total assisted farmers (%)

#### **1.15 Supporting Documents**

The potential beneficiary shall attach the required documents to the financing application.

#### **1.16 Implementing Authority**

The Agency for Financial Support of Agriculture and Rural Development (IPARD Agency) represents the Implementing Authority.