

WORKING DOCUMENT

MEMBER STATE: Spain

REGION: Murcia

1. APPROVED PROGRAM

RDP Murcia (CCI 2007 ES 06 RPO 013) was approved by Commission Decision C (2008) 3838 of 16 July 2008.

2. LEGAL BASIS OF THE MODIFICATION:

- Modification related to the first implementation of Article 16a of Regulation (EC) No 1698/2005; Changes to the total Community contribution for the entire programming period
- Revisions under Article 6, paragraph 1, letter a) of Regulation (EC) No 1974/2006
- Article 6(1)(c) and 9 of Regulation (EC) No 1974/2006 (notification for information of the Rural Development Committee)

This modification proposal was sent via SFC to the Commission on the 10 July 2009, following its approval by the Monitoring Committee of RDP Murcia (meeting of the 17 June 2009).

3. REASONS JUSTIFYING THE AMENDMENT / STRATEGY CHOSEN

- Murcia has decided to use the additional EAFRD amount of EUR 6 732 204 from the "Health Check and Recovery Package" in a new submeasure 121.2 "Modernisation of agricultural holdings" in order to contribute to the reduction of the emission of greenhouse gases to the environment and save energy.

This new submeasure intends to improve the energy efficiency of existing fruit and vegetables greenhouses of Murcia, by using cogeneration with natural gas as fuel source. Fruit and vegetables greenhouses in Murcia have a high level of productivity and this action will contribute to their modernisation, by improving their energy efficiency and reducing their environmental impact, whilst reducing their costs. This submeasure complies with the National Strategy Plan (NSP) and with the regional strategy: the importance of the fruit and vegetables sector in the region is clearly defined in the RDP strategy and its modernisation is coherent with the NSP. The same goes to the reduction of the environmental impact of the agricultural holdings.

- Murcia has also decided to allocate the additional EAFRD amount of EUR 4 370 930 from the modulation adjustments and the Wine CMO reform to measure 511 "Technical Assistance". Taking into account that the amount allocated for this measure was low, this reinforcement was decided in order to allow: a) tackling the reinforcement of the control actions of the agro environmental measures; and b) reinforcing the actions to improve the management of the programme (more coordination meetings, more importance of evaluation and continuous monitoring, specific software development and results dissemination). This will result in an improvement of the Managing Authority's activities and, therefore, is also coherent with the strategy.
- Regarding the other (small) modifications, they are also in line with the strategy. They are of technical nature and intend to improve the implementation of the programme as well as the understanding of the measures by the beneficiaries, and to update legal references.

4. DESCRIPTION OF THE AMENDMENTS PROPOSED:

This chapter is divided into three parts:

- 4.1: concerns modifications "Health Check and Recovery Package" - first implementation of Article 16a of Regulation (EC) No 1698/2005
- 4.2: concerns other modifications according to article 6(1)(a).
- 4.3: concerns modifications according to article 6(1)(c).

The opinion of the Rural Development Committee is needed for the modifications under points 4.1 and 4.2.

The modifications under point 4.3 are included in this Working Document only for consultation of the Commission services.

- **Coherence with the National Strategy Plan and the Spanish National Framework**

All proposed amendments are in line with the proposed version of the **Spanish National Strategy**.

In particular, the proposal to focus the new HC/RP financial allocation into the priority "**improve energy efficiency**" (greenhouses) (Art. 16a (1a) of Council Regulation (EC) No 1698/2005) is perfectly coherent with the text of the National Strategy Plan, which has defined the "importance of the agro-industry" as a strategic priority to promote at national level. The new investments promoted in Murcia addressed to promote energy saving will certainly contribute to achieve the goals set at national level.

The RDP Murcia is also fully coherent with the proposed text of the **Spanish National Framework**.

The actions and operations proposed by the National Framework are structured in two categories: i) **Horizontal measures** to be compulsorily applied by all regional RDPs and ii) **common elements**, for which regions are entitled to decide which one is applied if any. All horizontal measures are included in the RDP of Murcia.

The proposal modification of the Spanish National Framework also includes a new "horizontal" (compulsory to all Spanish regional RDP) agro-environmental measure (code 214) under the coverage of the new challenge on **biodiversity** (Art. 16a (1d) of Council Regulation (EC) No 1698/2005). Actions covered under this measure must fall under at least one of the following areas: i) Organic production; ii) Preservation of genetic resources and iii) Extensification and local restoration of marginal habitats. The RDP of Murcia complies with the new horizontal measure under the National Framework.

Furthermore, the allocation of the new financial allocations from "**modulation adjustments**" and the "**Wine CMO**" to Measure 511 Technical Assistance is also in line with the Spanish National Framework.

4.1. Modifications "Health Check and Recovery Package" - first implementation of Article 16a of Regulation (EC) No 1698/2005.

4.1.1. Description of the change

The EAFRD amount available for RDP Murcia from the "Health Check and Recovery Package" is EUR 6 732 204.

Murcia proposes to reinforce measure 121, by creating a new sub measure 121.2 "Modernisation of agricultural holdings" with the total EAFRD available for the new challenges (EUR 6 732 204) and an EAFRD co-financing rate of 90%.

This new submeasure 121.2 intends to improve the energy efficiency of existing fruit and vegetables greenhouses of Murcia, by using cogeneration with natural gas as fuel source. It will contribute to the reduction of the emission of greenhouse gases to the environment and save energy.

Axis / Measure	Priority: climate change adaptation and mitigation				
	Type of operation	Potential effects	"Existing" or "new" type of operation (E or N)	Referent to the description of the type of operation in the RDP	Output indicator - target
121.2	Improvement of energy efficiency	Reduction of carbon dioxide (CO2) emissions	N	Reduction of carbon dioxide (CO2) emissions by saving energy	Number of supported companies = 10
					Total volume of investment = EUR 24 934 090

With the cogeneration technology, existing greenhouses will be able to include heating, lighting and the use of CO2 to increase their productivity, contribute to their sustainability and keep to a minimum their emissions. The exhaust gases of gas-fuelled cogeneration modules contain an important percentage of CO2. The consumption of CO2 emissions resulting from the cogeneration increases the production via the photosynthesis. The use of the energy generated will allow heating the greenhouses, which is essential during the winter and is directly related to achieving better (in quality and quantity) productions. Therefore, besides improving the economic efficiency of the holdings, this submeasure contributes to the reduction of the greenhouse gas emissions and to adapt agriculture to the climate change.

4.1.2. Text of the RDP

New submeasure 121.2 "Modernisation of agricultural holdings (improvement of the greenhouses' energy efficiency)".

Legal basis: article 26 of Council Regulation (EC) No. 1698/2005

Aims and targets of the measure: Modernisation of agricultural holdings (greenhouses), by introducing new techniques that allow a reduction of CO2 emissions and improve both the energy efficiency and the economic efficiency of the holding.

Types of actions: Investments in existing greenhouses of Murcia, which will decrease the emissions with a negative impact in the environment and influence climate change. This will be done via cogeneration technology using natural gas as fuel source.

Conditions: economic viability and compliance with the environmental legislation (the application must include the relevant environmental permits). Investments must imply a technologic improvement regarding the initial situation of the holding.

Eligible investments are the ones related to the reduction of emissions to the atmosphere, improvement of the energy efficiency of the greenhouse holding, by reducing the production costs and saving energy through the use of cogeneration facilities, using natural gas as fuel. Also included are the facilities auxiliary to the cogeneration, such as the recirculation of thermal energy adapted to the greenhouse crops, carbonic fertilization and facilities that use electric energy in the greenhouses. General costs linked to the expenditure, such as technicians and consultants fees, feasibility, environmental, health and safety, etc. studies accepted up to a limit of 12% of the total eligible investment.

Beneficiaries: physical or legal persons owning an existing fruit and vegetable greenhouse holding. He/She/It must carry out the investments and keep the activity for at least 5 years from the moment the support is paid. The beneficiary must have a turnover on greenhouse products on

at least one of the two years previous to the application of at least twice the amount of his/her/its investment application under this submeasure. Legal persons recently created can also be beneficiaries of this submeasure, as long as they're holders of agricultural holdings and they are formed exclusively by professional farmers, with at least 5 000 m² of greenhouses each. The investment supported will also be limited to a turnover of the total group of farmers belonging to the legal person in each one of the two years previous to the application of at least 3 times the amount of its investment application under this submeasure.

Amount of support: Support will be granted as a direct aid. The maximum support per beneficiary is EUR 1 500 000 for this submeasure in the 2007-2013 period. The intensity of aid is 30% of the investment. It is possible to grant an advance up to 50 % of the public aid, for investments for which the individual decision to grant support is taken in 2009 or in 2010, according to Art. 56(2) of Reg. (EC) 1974/2006.

Environmental indicators: Thermal Kw recovered per year: 20 000 000; Tm of CO2 reduction captured: 3 000.

4.2. Other modifications according to article 6(1)(a)

These modifications concern exclusively the amount of 4 370 930 € allocated to the Region of Murcia. From this amount, EUR 3 332 100 comes from CMO Wine and EUR 1 038 830 from the modulation adjustments. Murcia will use the total EUR 4 370 930 in the reinforcement of measure 511 "Technical Assistance".

4.2.1. Description of the change

There is an EAFRD increase of EUR 4 370 930 in measure 511 Technical Assistance as well as an increase of EAFRD co-financing rate of this measure. The approved programme had an EAFRD co-financing rate of 30% for this measure. The EAFRD amount allocated to this measure was EUR 622 131 and the total public expenditure EUR 2 073 770.

Measure 511 including the EAFRD allocation from CMO Wine and compulsory modulation:

Axis	Public contribution (in EUR)		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	-	-	-
Axis 2	-	-	-
Axis 3	-	-	-
Axis 4	-	-	-
Technical Assistance	6 657 415	75	4 993 061
Total	6 657 415	75	4 993 061

4.2.2. Text of the RDP

No modifications to the text of the existing measure 511 "Technical Assistance".

4.3. Modifications according to article 6 (1)(c)

4.3.1. Description and reasons justifying the amendment

4.3.1.1. **References to the National Framework Programme:** Following the Commission's recommendations in the last annual review meeting, all

sections of the RDP already reflected in the National Framework Programme (NFP) or merely reproducing its text have been replaced by a simple reference to the NFP (to avoid duplications and repetitions with respect to the NFP).

- 4.3.1.2. **Update of legal references:** Following the Commission's recommendations in the last annual review meeting, all legal references to regulations recently changed (organic farming, Wine CMO, Regulation 73/2009, etc.) have been updated.
- 4.3.1.3. **Modifications in the national and regional administrations** - for instance: the name of the national Ministry of Agriculture has changed to *Ministerio de Medio Ambiente, Medio Rural y Marino*, the national Ministry of Labour and Social Affairs is now *Ministry of Labour and Immigration*, and the organigramme of the regional administration has also been subject to a reorganisation (*Consejería de Agricultura y Agua*). These modifications have been included in the RDP text.
- 4.3.1.4. **Indicators update** – following the requests by DG AGRI in the last annual review meeting for the improvement of indicators.
- 4.3.1.5. **Financial information** – in each measure description, information has been added on the national and regional public expenditure (co-financing rates of the national and regional administrations).
- 4.3.1.6. **Correction of minor typing mistakes** – not relevant
- 4.3.1.7. **Improvement of the text on the Communication Plan.**

The following text and examples according to Annex VI Reg. 1974/2006 were inserted in the RDP:

When the investment for an infrastructure is higher than EUR 500 000, a billboard is installed.

Where an operation results in an investment whose total cost exceeds EUR 50 000, the beneficiary shall place an explanatory plaque.

The Local Action Groups, financed under axis 4, will also place an explanatory plaque in their locations that includes the LEADER logo.

4.3.1.8. **Measure 123 "Adding value to agricultural and forestry products"**

Local Action Groups implement axis 3 of RDP Murcia and can also implement measure 123 as far as microenterprises in their rural areas are concerned. To have a coherent aid intensity for all types of microenterprises in rural areas (in the non-agricultural sector – axis 3 – and in the agricultural sector – measure 123), the **aid intensity for microenterprises in rural areas in measure 123 is increased from 23% up to 50%**. Measure 123 does not include any actions related to forestry.

- 4.3.1.9. **Advance payments:** Advance payments related to investments, as provided by article 56 of Regulation 1974/2006, as well as advance payments for LAGs, as provided by article 38 of

Regulation 1974/2006, are now specifically foreseen in the RDP text

- 4.3.1.10. For measures not covered by art 36 of the Treaty, inclusion of the possibility to receive **aid** up to **EUR 500 000** until 31 December 2010, according to the Temporary Community framework for State aid measures to support access to finance in the current financial and economic crisis (2009/C 16/01).

NB: Concerning this point all questions raised after the consultation have been addressed to the region and have been taken into account in the new version of the RDP modification. Clarifications have been also given by a reply note received from the region.

4.3.1.11. **Demarcation**

- Measures 114 and 115 (there was no demarcation defined in the RDP),
- 121 Fruits and Vegetables: text to be replaced by the text below. With the existing demarcation, producers belonging to some Producers Organisations (PO) were having problems to have projects approved above the threshold defined (EUR 9 000) because their PO did not have the possibility for this type of investment and the access to the RDP was blocked to them because of the approved demarcation.
- 123 Fruits and Vegetables: text to be replaced by the text below.
- 123 Wine: text to be replaced by the version below.
- beekeeping measures 112, 121 and 123: text to be replaced by the version below.
- Update of the text on the regional Coordination Committee of the EU Funds: it has been set up and its functions are now defined in the RDP (coordination, coherence, check inexistence of double funding).

Measure	Demarcation
114 Use of advisory services	These actions will only be financed by the RDP. The operational Programmes of the Producers' Organisations in Murcia can not include the measure "use of advisory services". Cross-checks will be made to ensure this demarcation.
115 Setting up of advisory services	Support to employ staff in order to set up advisory services to agricultural holdings can only be given to entities that do not receive aid for the same concept coming from the Operational Programmes of the Producers' Organisations, according to Reg. 1234/2007. Cross-checks will be made to ensure this demarcation.
121 Modernisation of agricultural holdings	<u>Fruit & Vegetables:</u> a) Investments of holdings from members of a Producers' Organisation (PO), promoted and financed with funds of the PO, for which there is a specific economic contribution of the members that benefit from the action, can only be financed within the framework of the operational funds of the PO. b) Individual investments of farmers members of an OP that have been designed, decided, financed and implemented by the farmer

		him/herself, will be exclusively financed by the RDP.
123 Adding value to agricultural & forestry products		<p><u>Fruit & Vegetables:</u></p> <p>For producers' organisations, investment projects below EUR 1 000 000 will be financed by the operative programs. Over EUR 1 000 000 it will be financed via this RDP, via a call for proposals of measure 123.</p> <p>Cross-checks will be made.</p> <p><u>Wine:</u></p> <p>Murcia will not implement the investment support measure defined in article 15 of Reg. (EC) No 479/2008.</p>
Beekeeping	Measures 121.1	No support for actions included in the programmes defined under Reg. (CE) 797/2004, for the improvement of production and marketing of apiculture products which are applicable in Murcia, according to the legislation in force.
	112	
	123	Support under measure 123 will be incompatible with support for the same objectives coming from the programmes in the framework of Reg. (CE) 797/2004, or legislation that replaces it.

Demarcation with article 68

The managing authority has been asked to provide a demarcation with article 68, which would be included in the RDP at the time when article 68 measures enter into force, given that some measures of the RDP could finance similar actions to those included in the Spanish program implementing article 68 of Regulation (EC) No 73/2009.

The Commission reminded the provisions of art. 2.2 of Reg. 1974/2006: "Where support under Regulation (EC) No 1698/2005 may exceptionally be granted in accordance with Article 5(6) of that Regulation, for measures falling within the scope of the support schemes listed in Annex I to this Regulation, Member States shall ensure that a beneficiary may receive support for a given operation only under one scheme. To that end, Member States, when including measures containing such exceptions in their rural development programmes, shall describe in those programmes the criteria and administrative rules they will apply for the support schemes concerned".

5. EXPECTED IMPACTS OF THE AMENDMENTS

5.1. Modifications "Health Check and Recovery Package" according to article 6 (1)(a)

The EAFRD amount available for RDP Murcia from the "Health Check and Recovery Package" is EUR 6 732 204 that will be used in a new submeasure 121.2, in order to contribute to the reduction of the emission of greenhouse gases to the environment and save energy.

With the cogeneration technology, existing greenhouses will be able to include heating, lighting and the use of CO₂ to increase their productivity, contribute to their sustainability and keep to a minimum their emissions. This submeasure will contribute to reduce the greenhouse gas emissions and to adapt agriculture to the climate change.

Output indicators: Number of supported companies: 10; Total volume of investment: EUR 24 934 090

5.2. Other modifications according to article 6(1)(a)

Murcia will use the EUR 4 371 230 in the reinforcement of measure 511 "Technical Assistance", which will result in an improvement of the Managing Authority's activities according to article 75 of Regulation No 1698/2005, but will not produce a particular impact on result and impact indicators.

5.3. Modifications according to article 6(1)(c)

The rest of minor changes proposed are of technical nature and intend to improve the implementation of the programme as well as the understanding of the measures by the beneficiaries, and to update legal references.

The modifications carried out following the recommendations provided by the Commission in the last annual review will ensure compliance of the program with Reg. 1698/2005 and Reg. 1974/2006.

6. ASSESSMENT

- I. Taking into account all the above, the amendments are in line with the National Strategy Plan as well as with the regional programme strategy.
- II. The changes are in conformity with the Council Regulation (EC) N° 1698/2005 and with the Commission Regulation (EC) N° 1974/2006.

7. FINANCING

7.1. Annual Contribution from the EAFRD (in EUR)

	2007	2008	2009	2010	2011	2012	2013
Convergence regions	0	39 262 822	38 750 784	39 230 931	31 246 615	31 059 355	30 794 924
Additional funds art 69 (5bis) of Reg (EC) No 1698/2005	0	0	1 304 141	1 558 991	976 304	1 282 655	1 610 113
TOTAL EAFRD	0	39 262 822	40 054 925	40 789 922	32 222 919	32 342 010	32 405 037

	Total 2007-2013
Convergence regions	210 345 431
Additional funds art 69 (5bis) of Reg (EC) No 1698/2005	6 732 204
TOTAL EAFRD	217 077 635

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

Convergence regions:

Axis	Public contribution (in EUR)		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	242 305 243	47	113 883 464
Axis 2	165 174 283	41	67 721 456
Axis 3	0	-	0
Axis 4	31 663 267	75	23 747 450
Technical Assistance	6 657 415	75	4 993 061
Total	445 800 208	47.18	210 345 431

Financing plan on the additional funds - article 69 (5) (bis) of Regulation (EC) No 1698/2005:

Axis	Public contribution (in EUR)		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	7 480 227	90	6 732 204
Axis 2	-	-	-
Axis 3	-	-	-
Axis 4	-	-	-
Technical Assistance	-	-	-
Total	7 480 227	90	6 732 204

Summary table – total period, convergence region:

Axis	Public contribution (in EUR)		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	249 785 470	48.29	120 615 668
Axis 2	165 174 283	41	67 721 456
Axis 3	0	-	0
Axis 4	31 663 267	75	23 747 450
Technical Assistance	6 657 415	75	4 993 061
Total	453 280 435	47.89	217 077 635

7.3. Indicative budget related to operations referred to in Article 16a of Regulation (EC) 1698/2005 between 1 January 2009 and 31 December 2013 (article 16a (3b) up to the amounts specified in Article 69 (5a) of Regulation (EC) 1698/2005)

Axis / Measure	EAFRD amount
Axis 1	6 732 204
- measure 121.2	6 732 204
Total Axis 2	-
Total Axis 3	-

Axis / Measure	EAFRD amount
Total Axis 4	-
Total programme	6 732 204