

**WORKING DOCUMENT
RURAL DEVELOPMENT COMMITTEE**

Member State: ROMANIA

1. **APPROVED PROGRAMME:** The National Rural Development Programme 2007-2013 of Romania, No CCI: 2007RO06RPO001

Commission Decision C(2008)3831 of 16th July 2008.

2. **LEGAL BASIS FOR THE MODIFICATION**

This modification concerns the first implementation of Article 16a of Regulation (EC) No 1698/2005. Introducing the additional resources made available as Community support through the European Economic Recovery Package (EERP) requires the revision of the RDP to be approved by Commission Decision according to Article 6(1)(a) of Commission Regulation (EC) No.1974/2006. Together with this modification Romania has introduced 10 technical amendments covered by the Art.6.1(c) of Reg. 1974/2006.

Because the modification submitted through SFC 2007 contains elements submitted in accordance with both Article 6(1)(a) and Art.6.1(c) of Commission Regulation (EC) No 1974/2006, the six months delay provided in Article 7 will apply to the entire package of modifications. Romania acknowledged in the submission letter that the six month delay will apply for the whole package and this aspect was underlined in the Commission's Admissibility letter sent on 7th August 2009.

Note: STRUCTURE OF THE WORKING DOCUMENT

The amendment consists of a package of 11 modifications identified in the Working Document as points a) to k). The Working Document splits the modifications into type 6.1(a) and type 6.1(c). The working document provides an assessment for amendment a) (EERP) based on the template for Health Check-Economic Recovery Package modifications. For the type 6(c) modifications, the assessment is in accordance with points 4 to 9 of the template for type 6.1(c) modifications. Because the original RDP text (and the template submitted by Romania) is in Romanian, the point "Description of the amendments proposed" of this Working Document represents a courtesy translation in English. The content of the Working document is based on the original Romanian text. For any questions regarding the content of the working document or translation of modifications into English you can contact the desk officers, Zélie Peppiette and Mihail Dumitru from Unit F.4.

PART I. Type 6.1 (a) HC - EERP. Reinforcement of existing priorities related to new challenges by injecting additional financial resources provided by the European Economic Recovery Package (EERP)

3. REASONS JUSTIFYING THE AMENDMENT / STRATEGY CHOSEN

Following the CAP Health Check (HC) Member States may further focus RDP financial resources, both new and existing, on measures and operations targeting the new challenges (climate change, renewable energy, water management, biodiversity and dairy restructuring) plus broadband infrastructure for rural areas.

The European Economic Recovery Plan approved by the European Council in December 2008 made available to the Member States additional financial resources to address the HC new challenges and to initiate priority actions to enable Member States' economies to adjust more rapidly to current challenges. The EERP provides scope for Member States to use the additional funding both for HC new challenges and/or for developing broadband internet infrastructure in rural areas, the choice being left to the MS.

An additional envelope of €101,694,000 was added to the existing EAFRD envelope of €8,022,504,745 to support Romania's efforts to address the priority actions foreseen by Health Check/EERP. This increases the total EAFRD financing of the Romanian RDP to €8,124,198,745. Romania will not receive other additional financial resources resulting from either compulsory modulation (Article 9(4) and Article 10(3) of Regulation (EC) No. 73/2009) or amounts generated according to Article 136 of Regulation (EC) No. 73/2009.

This modification introduces the necessary changes to the RDP to incorporate the new priorities identified by the HC-EERP. It explains the strategic approach Romania has chosen to allocate the additional EERP resources, justifies the choice of the type of operations to be supported to meet the obligations resulting from Article 16(a) and describes the expected impact of the reinforced operations.

Strategy chosen

The Romanian National Strategy Plan 2007-2013 had already identified climate change, renewable energy, water management, biodiversity and the restructuring of the dairy sector as challenges to be addressed. The Rural Development Programme 2007-2013 translated this strategic approach into the set of measures and operations chosen for EAFRD co-financing. The analysis identified a list of priority needs based on which investment operations would be chosen for financing.

All five HC priorities (climate change, renewable energy, water management, biodiversity and dairy restructuring) are addressed in the existing RO RDP and investments linked to types of operations generating potential positive effects on new challenges are already amongst those targeted by RDP measures. Six measures currently finance HC priorities (Measures 121, 123, 125, 214, 312 and 322¹).

¹ Measure 322 is an integrated measure combining the scope of measures 321, 322 and 323

As both the NSP and RDP are very recent (the last NSP version is dated 22 September 2008, the RDP was approved on 16 July 2008 and last modified on 9th December 2008), and because there have been no major developments sufficient to justify an update of the initial strategy, Romania is strengthening relevant types of operations already foreseen in the RDP rather than introducing additional measures or eligible investments. All six measures financing types of operations linked to the new challenges are strengthened with additional funding from the EERP allocation so as to increase their positive impact.

The EERP funds are distributed amongst these six measures in proportion to the original measure allocations. As investment in broadband infrastructure in rural area will be introduced into the RDP after 2010, the specific budget to be allocated to this is not identified in this modification of the programme: the financial allocation is currently recorded as 0 because the rural development legal framework does not allow financial resources to be allocated to specific activities until all required details related to implementation are finalised and included in the relevant measure fiche. However when the operations are introduced into the programme through a subsequent modification, the amounts to be dedicated to these activities will be identified through a reallocation of the programme's financial resources (the EERP allocation is "ring fenced" and must be used exclusively for EERP objectives).

Currently support for the provision of broadband infrastructure in rural areas is foreseen within the ERDF funded Operational Programme for Increase of Economic Competitiveness. As regards the use of RDP resources to finance investments in this field, Romania has decided to introduce investment for broadband infrastructure as part of the integrated Measure 322 after 2010, once the outstanding political/technical aspects have been agreed (updating the national broadband strategy; establishment of demarcation/complementarity with the Structural Funds; identification of the main regional broadband operators; definition of underserved areas etc.) and strategic and programming documents have been updated accordingly. The details of investments for broadband infrastructure will be introduced via a future modification of the programme.

The current proposal amends the RDP by introducing text justifying and explaining how the additional EERP funding is added and the types of operations to which the additional funds will be allocated.

4 DESCRIPTION OF THE AMENDMENTS PROPOSED:

4.1 New priorities / types of operations

All five priorities provided by Article 16a(1) of Regulation (EC) No. 1698/2005 are already addressed by the RDP in response to the priorities identified in the NSP. The additional support provided through the EERP will strengthen their implementation and enhance their positive effects either because the incentive of higher aid intensity will encourage more beneficiaries to submit projects for the types of operations covered by HC, or by increasing the number of projects which can be supported.

The split of additional EAFRD-EERP resources amongst the priorities is as follows:

Priority action	Percentage	Amount in €
Climate change	18%	18,190,006
Renewable energies	35%	35,718,593

Water management	22%	21,795,059
Biodiversity	13%	13,601,572
Dairy restructuring	12%	12,388,770
Broadband infrastructure*	0%	0
Total	100%	101,694,000

* Broadband infrastructure investment will be included through a new modification of the programme after 2010.

These priorities will be addressed through the following measures and types of operation:

a) Climate change adaptation and mitigation is addressed by operations covered by measures 121 and 214. Measure 121 "farm modernisation" supports investments to improve fertiliser use (reduction of chemical nitrogen through use of precision equipment, construction of environmental infrastructure which limits water pollution with nitrates, air pollution with methane, etc.) and operations aiming to improve on-farm manure storage. The aid intensity for these types of investment is increased by 10% to reduce the financial burden on the farmer and to provide an incentive for investments which may otherwise not be considered as a priority. The additional funds injected by the EERP to this of operations are therefore not expected to result in more farms being supported, but rather in increasing the numbers of projects which include investments related to climate change. The additional funding for Measure 214 "agri-environment" will also contribute to mitigating climate change through allowing a further 16,000 applicants to enter the scheme, increasing the area where extensive/traditional farming methods are maintained by 300,000 ha to 2,998,000 ha.

b) Renewable energy. Measures 121, 123, 312 and 322 include in the list of eligible investments equipment and infrastructure for production of renewable energy, for the applicant's own use. Measure 121 supports investments in farming for production and use of renewable energy. Support for developing perennial energy crops (short rotation coppice and herbaceous grasses) will encourage farmers to substitute biomass for fossil fuels and to use greener energies for activities on the farm. Measure 123 supports processing of agricultural/forestry biomass for renewable energy, again contributing to reduction of fossil fuel use and encouraging the production and use of alternative renewable energy sources. 53 additional enterprises will benefit from additional funding for introducing renewable energy technologies, increasing the planned number of beneficiaries to 1,622. The RDP also encourages investment in generation and own use of renewable energy outside the agricultural sector. The additional support for Measure 312 will enable a further 196 micro-enterprises to be supported for projects integrating generation of renewable energy for own-use in their investment plans. Under Measure 322 public institutions will be encouraged to invest in installations/infrastructure for producing and using renewable energy (bio-mass, geothermic, solar and wind energy) for use in public buildings. Additional funding for this measure will not result in additional operations supported but in an increased share of the selected projects being spent for renewable energy component.

c) Water management. Measures 121, 123 and 125 support investments for improving water management, such as equipment for efficient irrigation and water saving production techniques, and installations for waste water treatment on farms and in processing establishments. These types of operation will be further strengthened by the additional funding provided by EERP. For measure 125, 28 additional investment projects for modernisation and rehabilitation of the old and inefficient irrigation

infrastructure could be financed allowing upgrade of systems for other 20,000 hectares. The aid intensity for investments financed by Measure 121 in installations for waste water treatment is increased by 10% The aid intensity is unchanged for other investments for water management under measures 123 and 125.

d) Biodiversity protection is targeted by packages 1 (HNV), 2 (traditional farming practices) and 3 (grassland supporting important bird species) of Measure 214 (Agri-environment). The management prescriptions for these packages (no application of fertilizers and pesticides on High Nature Value agricultural land, delayed mowing, maximum livestock density limits, late mown field margins etc.) guarantee protection of biodiversity. The additional funds injected into this measure will allow 16,000 new applicants to enter the scheme and biodiversity to be protected on 300,000 ha additional area.

e) Dairy restructuring. Both measures 121 and 123 provide investment support to help the dairy sector to adapt to new market conditions and changes in agricultural policy. The additional funding will reinforce support for farmers to adjust to the termination of the milk quota regime in 2015, when the milk market will become more competitive.

The list of types of operations is identified for each of the six existing measures (121, 123, 125, 214, 312 and 322²) where additional financial support is injected to strengthen the new challenges. This information is shown in Table 5.3.6. All operations identified are existing and no new operations are added. All operations included correspond to types of operations listed in Annex II of Regulation 1698/2005.

² Measure 322 is an integrated measure combining the scope of measures 321, 322 and 323

Table 5.3.6 List of types operations referred to in Article 16(a)(3)(a) of Regulation (EC) no.1698/2005 up to the amounts referred to article 695(a) of that Regulation

Axis/Measure	Type of operation	Potential effects	”Existing” or “new” type of operation	Reference to the description of the type of operation in RDP	Output indicator-target
AXIS 1 Measure 121 ”Modernisation of agricultural holdings”	Improve efficiency of nitrogen fertilizer use (e.g. reduce use, equipment, practicing a fertilizers management based on accurate quantities) improving of manure storage;	Reduction of methane (CH ₄) and nitrous oxide (N ₂ O) emissions	Existing	Measure fiche - Type of investments (tangible/intangible) and eligible expenditure i. Construction and/or modernization of buildings used for the agricultural production at farm level, including investment for meeting communitz standards and those used for the environment protection and manure storage;	Total volume of investments: 10,645,914 Euro
	Investment support related to dairy production	Improvement of the competitiveness of the dairy sector	Existing	Measure fiche - Type of investments (tangible/intangible) and eligible expenditure iii. Construction and/or	Total volume of investments: 13,307,392 Euro

				modernization of dairy cow farms as for example: equipment for feedstuff preparation, milking equipment, technological lines for processing and packaging, equipment for increasing hygiene and quality in farm, etc. _	
	Installations for waste water treatment on farm and in processing and marketing	Improvement of the capacity to use water more efficiently	Existing	Measure fiche - Type of investments (tangible/intangible) and eligible expenditure i. Construction and/or modernization of buildings used for the agricultural production at farm level, including those used for the environment protection;	Total volume of investments: 21,291,828 Euro
	Perennial energy crops (short rotation coppice and herbaceous grasses)	Substitution of fossil fuels, carbon sequestration, reduction of nitrous oxide (N ₂ O)	Existing	Measure fiche - Type of investments (tangible/intangible) and eligible expenditure xi. Investments for setting-up of forestry species with a short rotation coppice and regeneration through vegetative way, in order to produce renewable energy	Total volume of investments: 7,984,436 Euro
AXIS 1 Measure 123	Processing agricultural/forestry biomass for renewable energy	Substitution of fossil fuels	Existing	Measure fiche - Type of investments (tangible/intangible) Point e) Investments in the	Total volume of investments: 10,566,850 Euro

“Adding value to agricultural and forestry products”				production and usage of energy from renewable sources;	
	Production techniques for water saving	Improvement of the capacity to use water more efficiently and improve the water storage capacity	Existing	Measure fiche - Type of investments (tangible/intangible) Point .a) New buildings and/or modernization of buildings used for production, including environmental protection buildings, internal infrastructure, utilities and connexions necessary for projects ;	Total volume of investments: 21,133,698 Euro
	Improvements in processing and marketing related to dairy	Improvement of the competitiveness of the dairy sector	Existing	Measure fiche - Type of investments (tangible/intangible) Point d) Investments in improving the internal control of raw material quality, semi-products, products and by-products within the processing and marketing units;	Total volume of investments: 21,133,698 Euro
Axis 1/ Measure 125 “Improving and developing the infrastructure related to the development and adaptation of agriculture and forestry”	Water saving through modernisation of existing inefficient irrigation systems	Improvement of the capacity to use water more efficiently	Existing	Measure fiche - Types of eligible investments (ii) irrigation systems – modernization and/or re-technologisation including works for protecting the pumping and metering stations;	Total volume of investments: 8,961,784 Euro

Axis 2					Additional number of holdings and/or land holders receiving support: 16,000
Measure 214 “Agri-environment payments”					Additional area covered: 300,000 ha
	Extensification of livestock (e.g. reduction of stocking density) and grassland management	Decreasing the CH4 and N2O emissions	Existing	Measure 214, Package 1: High Nature Value Grassland, Management requirements: - Grazing will be performed with maximum 1 LU per hectare	Additional number of contracts: 20,000
	No application of fertilisers and pesticides on high nature value agricultural land.	Conservation of species-rich vegetation type, protection and maintenance of grassland.	Existing	Measure 214, Package 1: High Nature Value Grassland, Management requirements: -Use of chemical fertilizers is forbidden. -Use of pesticides products is forbidden	Additional physical assisted area: 240,000 ha
	Perennial fields and riparian boundary strips and biobeds	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering habitats, conservation of protected fauna and flora.	Existing	Measure 214, Package 1: High Nature Value Grassland, Management requirements: -Mowing may start only after 1 st of July. -Mowed grass has to be removed from the parcel within maximum 2 weeks; -Flooded grasslands will not be grazed sooner than 2 weeks from the	

				<p>waters retreat;</p> <p>-Ploughing and rolling on the parcels under commitment is forbidden.</p> <p>a) No type of seeding to take place. Derogation applies when some portions of grassland are degenerating or are accidentally damaged, in this case only native species will be used for seeding.</p> <p>Package 2 Traditional farming, Management requirements:</p> <p>-No mechanized works allowed on grasslands under commitment, with the exception of animal drawn machinery</p>	
<p>AXIS 3</p> <p>Measure 312</p> <p>„Support for the creation and development of micro-enterprises,,</p>	<p>Installations for renewable energy using biomass (except for the production of bio fuel) and other renewable energy sources (solar and wind power, geothermal)</p>	<p>Substitution of fossil fuels</p>	<p>Existing</p>	<p>Measure fiche - scope and actions</p> <p>Furthermore, the acquisition of equipments for producing the energy from other renewable sources than bio-fuels, will be supported just as a component part of the project</p>	<p>Total volume of investments: 18,027,611 Euro</p>

<p>AXIS 3</p> <p>Measure 322 „Village renewal and development, improving basic services for rural economy and population and upgrading of rural heritage”</p>	<p>Installations/infrastructure for renewable energy using biomass and other renewable energy sources (solar and wind power, geothermal)</p>	<p>Substitution of fossil fuels</p>	<p>Existing</p>	<p>Measure fiche - scope and actions Type of services/action supported component b)</p> <p>Investments for energy production and supply systems using renewable resources as part of an integrated project (in case of a renovation project for a public building);</p>	<p>Total volume of investments: 24,530,822 Euro</p>
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4.2 Description of the amendments proposed to axes and measures

The following parts of the RDP were modified as follows:

A-1) Modification of *Chapter 3. Analysis of the situation in terms of strengths and weaknesses, the strategy chosen to meet them and the ex-ante evaluation.*

The text in bold has been added to the original text of section 3.1.2.1 (page 24, RO version 4)

The new challenges (climate changes, renewable energy, water management, biodiversity, measures for restructuring the dairy sector, innovation - specifically broadband), defined as priorities according to the Health Check of the Common Agricultural Policy and the European Economic Recovery Plan, represent novel elements for Romania, and were already treated in the initial version of RDP. Therefore climate change, renewable energy, water management, biodiversity, measures for restructuring the dairy sector are subjects for which the analysis made in this chapter covers basic information which identify their needs and justify the measures of intervention proposed by this programme. Because there were no recent developments, which would justify an amendment of the strategic priorities set up by the RDP, Romania decided to allocate the additional financial resources from EERP to strengthen the operations and activities already programmed as they were identified and pointed out by the analysis. Allocation of the additional resources on priority axis, observes their initial share within the financial structure of the programme. For the operations regarding waste water treatment and better management and storage of nitrogen fertilizers the aid intensity was increased to provide incentives to farmers to invest in costly equipment which are not profit generating and for which otherwise farmers would not be interested to do the investment. The situation regarding the coverage of broadband infrastructure was taken into consideration at the moment of accession into EU. The limited information available at that moment has only allowed to establish public intervention measures within the Sector Operational Programme Increasing of Economic Competitiveness (SOP IEC) co-financed by the European Regional Development Fund for areas where there is low coverage due to market failure. Currently the investment in broadband infrastructure both in urban and rural areas is exclusively financed under the SOP IEC. Romania considers introducing additional financial support in RDP after 2010 using additional EERP resources. In the coming period, following a closer monitoring of the situation and as far as new statistical data become available they will be added to the analysis and will support the planning of broadband operation after 2010.

The text in bold has been added to the original text of section 3.2. "The strategy chosen to reach strengths and weaknesses" (page 63-64, RO version 4)

Additional funding was allocated under the European Economic Recovery Plan to strengthen the new challenges. Romania chose to support with these additional funding the priorities regarding climate changes, renewable energy, water management, biodiversity, measures accompanying restructuring of the dairy sector, and broadband internet infrastructure. Therefore with the allocation to the new challenges, the total EAFRD plus new EERP funding gives the following new balance per axis: : 44.24%-Axis 1, 25.57%-Axis 2 and 27.58%-Axis 3.

Strategy chosen for implementing the European Economic Recovery Plan (EERP)

Romania receives 101,694,000 euro under EERP. Romania's strategic option for these additional financial resources is to strengthen the initial financial allocation of all existing operations defined by the RDP to address the priorities established by the Health Check of CAP. The distribution of the additional resources will follow the initial structure of RDP budget so that the share of operations within the priority axis but also the share of axis within the total budget of the programme remains unchanged.

Additional financial support will be used for:

- *Strengthening operations already existing within the National Strategic Plan as follows:*
 - **Improve efficiency of nitrogen fertilizer use as well as storage of manure for reduction of methane (CH₄) and nitrous oxide (N₂O) emissions in order to mitigate climate changes ;**
 - **Investment support for restructuring the dairy production and improvement of processing and marketing of dairy products and increase of dairy products competitiveness. Additional funds for supporting dairy farmers take into account the existing difficulties the sectors faces and the termination of the milk quota. The additional support will allow the farmers to adapts smoothly and better to the new market situation.**
 - **Encouragement/stimulation of investment for equipments/installations for waste water treatment on farm and in processing and marketing, water saving technologies and improvement of water management;**
 - **Stimulate the cultivation of perennial energy crops for production of agricultural and forestry bio-mass for production of renewable energy for substitution of of fossil fuels, carbon sequestration, reduction of nitrous oxide contributing in this way to climate change mitigation;**
 - **Keeping the existing priorities such as: biodiversity conservation si preservation of agricultural land with high nature value sthrethened by abandonment or farm intensification, guaranteeing a good status of water resources, avoidance of soil degradation and fighting against climate change and its negative effects;**
 - **Stimulate investment in equipment for production of renewable energy from other sources that bio-fuel, also investment in systems for production and supply of renewable energy to replace the conventional sources of energy and guarantee the energy supply for farms.**

Increase of aid intensity for certain types of operations as equipment to improve efficiency of nitrogen fertilizer use as well as storage of manure and investment for equipments/installations for waste water treatment on farm and in processing and marketing. The purpose of increasing aid intensity for these two operations is to

compensate high cost of these equipment especially as this investment does not generate a profit and farmers would no want to do it without and incentive. As regards broadband infrastructure, extension and improvement of broadband internet infrastructure in rural area it remains a major objective of the Romanian Government. Although statistical data is not complete the coverage rate with broadband infrastructure in rural area is much below the European average. The existing information does not allow yet a clear identification of geographical coverage of the two areas (urban and rural) to allow a clear demarcation and EAFRD intervention, which must be restricted to the rural area only. Furthermore, once these information available and a new demarcation criteria established a list of strategic and programming document needs to be amended such as the national Strategic Reference Framework, National Strategic Plan for Rural Development, the SOP ICE and other operational programmes in order to establish clearly the new activities financed by RDP to complement the SOP ICE. This approach requires a certain period of time to clarify all technical details with will be introduced in RDP following a new modification of the programme. Taking into account all these elements, as well as the lack of clear statistical data the introduction of this activity into RDP is foreseen only after 2010. At that moment the NSP will be amended accordingly.

Replacement, in Chapter 3.2.1 “Establishing the priority of the objectives and measures related to Axis 1”, of the amounts corresponding to the strategic objectives of the indicative balance with the new amounts (page 64, RO version 4) The text in italic is replaced by text in bold as follows:

Indicative balance of priorities

2,281. mil Euro replaced by **2,317.1 mil Euro** and *1,408.4 mil Euro* replaced by **1,429.9 mil Euro**

The **text bold** is added to Chapter 3.2.1 “Establishing the priority of the objectives and measures related to Axis 1” (page 65, RO version 4)

The choice of objectives mentioned above and the programme financial balance is the result of basic analysis, SWOT analysis made in the RDP. Following the analysis three priorities were established: knowledge and skills competitiveness of the agricultural and forestry sectors and restructuring and modernization of processing and marketing of agriculture and forestry products The additional funding for axis I from the EERP was distributed to the last two priorities mentioned above, so that the new weight of each priority in total axes is as follows: knowledge and skills (6.92%), competitiveness of the agricultural and forestry sectors (57.69%), and restructuring and modernization of processing and marketing of agriculture and forestry products (35.39%). The total share of axis I within EAFRD allocation remain unchanged.

Replacement, in Chapter 3.2.2 “Establishing the priority of the objectives and measures related to Axis 2”, the amounts corresponding to the strategic objectives of the indicative balance with the new amounts (page 69, RO version 4) The text in italic is replaced by text in bold as follows:

Indicative balance of priorities
963.2 mil Euro replaced by **996.4 mil Euro**

The text in **bold is added to** Chapter 3.2.2 Establishing the priority of the objectives and measures related to Axis 2 (page 72, RO version 4)

The distribution of the additional EERP funds to Axis 2 takes into account the priorities identified by the analysis, the new funding being allocated to preserve and improve the natural resources and habitat status, and especially the High Nature Value pastures.

Replacement in Chapter 3.2.3 Establishing the priority of the objectives and measures related to Axis 3 ” of the amounts corresponding to the strategic objectives of the indicative balance with the new amounts. (page 72, RO version 4) The text in italic is replaced by text in bold as follows:

Indicative balance of priorities
1,709.3 mil Euro replaced by **1733.4 mil Euro**

The **text in bold** is added to chapter 3.2.3 Establishing the priority of the objectives and measures related to Axis 3, Development and modernization of rural infrastructure (page 75, RO version 4)

Taking into account the positive effects that improving access to knowledge and information has on the development of administrative structures, but also the role of interconnection for promoting efficiency and innovation the development of broadband infrastructure is considered.

In order to do this it is necessary to establish a clear demarcation line with interventions financed by structural funds in order to avoid double financing, and to amend the National Strategic Reference Framework, the NSP and other programmatic documents to ensure complementarity fact that requires a certain amount of time.

Currently the Sector Operational Programme Increasing Economic Competitiveness, Priority axis 3 – Information and Communication Technology for private and public sector, Major field of intervention 3.1, Support for using ITC support is provided for setting up public broadband network and Internet Public Access Points in area with market failure (under-covered rural and urban area) , an amount of 86,513,232 euro being programmed for this.

In view of the above mentioned information the broadband infrastructure investment will be introduced in RDP as a sub-measure 321 – Broadband infrastructure after 2010.

The **text in bold** is added to chapter 3.2.3 Establishing the priority of the objectives and measures related to Axis 3 (page 75, Ro version 4)

The distribution of the additional EERP funds to Axis 3 takes into account the priorities identified by the analysis, the new funding being allocated to create the conditions generating economic growth, by reinforcing the support for private and public investments in renewable energy.

A-2) Modification of *Chapter 4 Justification of the priorities chosen having regard to the CSG and the national strategy plan*

The text in bold in chapter 4.1.1 Justification of the priorities chosen having regard to the Community Strategic Guidelines was added (page 108, RO version 4)

For the newly introduced Community Strategic Guidelines 5 „Meeting the new challenges”, following the revision of the Community Strategic Guidelines after the conclusion of the Health Check of the CAP, and the European Economic Recovery Plan, additional funding was allocated to RDP measures to strengthen efforts addressing the following priorities: climate changes, renewable energy, water management, biodiversity, measures accompanying restructuring of the dairy sector, and broadband internet infrastructure.

The table presenting the cross reference of priorities chosen with the Community Strategic Guidelines (CSG) was updated to add the 5th CSG "*Climate change, renewable energy, water management, biodiversity, measures accompanying restructuring of the dairy sector, and broadband internet infrastructure.*". (page 108 to 112, RO version 4)

The text in bold was added to the Chapter 4.1.1 Justification of the priorities chosen having regard to the Community Strategic Guidelines regarding Meeting the new challenges. (page 116, RO version 4)

Meeting the new challenges

Community Strategic Guidelines

Community Strategic Guidelines 5 - Climate changes, renewable energy, water management, biodiversity, measures accompanying restructuring of the dairy sector, and broadband internet infrastructure.

The Community Strategic Guidelines (CSG) 5 is a strategic horizontal guideline which strengthens priorities that are already to a great extent covered by the previous strategic guidelines, on the basis of which the strategic objectives of the Romanian RDP were established. In Axis 1, for the strategic objective “Improving the competitiveness of the commercial and semi-subsistence farms and their associations, while observing the principles of sustainable development” and respectively “Restructuring and modernizing the processing and marketing of agricultural and forestry products while observing the principles of sustainable development”, the additional funding is allocated for purchasing installations and equipment saving energy and water and for producing renewable energy in the agricultural and forestry sector. Agriculture and forestry are big users of energy and water resources, but at the same time they could play a positive role.

Furthermore, water shortage and drought is a structural issue in Romania, the scarce water resources and bad water management increase production costs. An important role in the sustainable management of the water resources could be played by farmers. This is why special attention must be given to efficient management of the water resources and granting financial incentives will stimulate more efficient water management.

In order to improve the capacity to use water more efficiently, financial support is provided for those types of operations that secure more sustainable water management. Similarly the termination of the milk quota regime at a time when the steady increase of production costs goes in parallel with the drop in market prices represents a big challenge farmers have to face and additional funding will be offered to allow them adapt to the new market conditions.

In Axis 2, to fulfil the strategic objective „Preserving and improving the status of natural resources and habitats”, the additional support is granted for preserving High Nature Value areas farmed extensively. Payments remunerate the public benefit brought by farming practices with a low impact on the environment, by compensating for the additional costs and income losses of the farmers and users of High Nature Value grassland. They contribute to biodiversity conservation by continuing extensive farming practices supported by Measure 214-Agri-environment payments, especially by packages 1 and 2.

In Axis 3, to fulfil the strategic objective „Maintenance and development of economic activities through the increase of number of jobs”, CSG 5 aims to generate economic growth by strengthening the support for already existing private investments in order to purchase renewable energy equipment. This investment shall lead to increasing the economic efficiency of micro-enterprises by reducing their energy costs. Support for this type of investment, will capitalise on the Romanian climate potential, favourable to renewable energy production.

Furthermore, the strategic objective „Increasing the attractiveness of rural areas”, aims to create conditions for economic growth, by granting additional support for public investments for infrastructure/installations for renewable energy and broadband infrastructure, within Measure 322.

As regards the investments for broadband infrastructure, support will be provided after 2010, due to the late adoption of the national strategy for broadband development, delays in identifying the regional service operators, as well as the need to amend certain Romanian strategic and programming documents (National Strategic Reference Framework, Operational Programmes, National Strategic Plan, National Rural Development Programme).

Table in chapter 4.1.2. Justification of the National Strategy Plan priorities according to the table was updated with the new figures after allocation of EERP additional amount to reflect the new figures for financial allocation and the estimated weight of the objective in the total public financing / axis and the estimated weight of each axis in total financing EAFRD for the four axes. (page 119 to 124, RO version 4)

The text in bold was added in chapter 4.1.2 Justification of the National Strategy Plan priorities and the percentages were amended. (page 125, RO version 4)

When the NSP consolidated version was updated to take into account the new challenges, the strategic objectives were reviewed which are now taken into consideration by the RDP where additional funding from EERP is added only for the already existing type of operations (table 5.3.6) in the measures because the range of type of operations and type of investment is very broad.

The text in bold replaces the previous figures. (page 126, RO version 4)

This priority benefits from the largest share (**47.3%**) of the funds assigned to Axis 2 and endorses the support measures of the agricultural activities from less favoured agricultural areas

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.....
This represents an important priority of NRDP's Axis 2, particularly addressed through the measure of agri-environment payments, that benefits from the second largest funding within this axis (**42.84%**)

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.....
Within NRDP's Axis 2, this objective is supported by a **9.9%** funding from the available funds.

A-3) Modification of Chapter 5.2.8 Information on the axes and measures proposed for each axis and their description.

The text in bold was added to chapter 5.2.8 Financing new challenges within the NRDP (page 182 to 185, Ro version 4).

5.2.8 Financing new challenges within the NRDP

According to the European Economic Recovery Plan (EERP), agreed by the European Council of 11-12 of December 2008, an incentive is offered to the European economy, by allocating an envelope of 5 billion Euro to projects in the fields of energy, broadband infrastructure (internet infrastructure) and projects addressing new challenges (climate changes, renewable energy, biodiversity, water management, innovation and accompanying restructuring of the dairy sector).

From the total European Economic Recovery Package, Romania received an additional envelope of 101,694,000 million Euro that adds to the initial European Agricultural Fund for Rural Development allocation.

The additional amount is distributed per axis based on the original distribution ratio, taking into consideration the multitude of activities already foreseen in the National Rural Development Programme 2007-2013 and accordingly the actions that can be financed in compliance with Annex II of Regulation (EC) no.74/2009 amending Regulation (EC) no. 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD). The additional funding will be exclusively used for financing projects which address the actions targeted by the EERP.

Therefore, the actions addressing the new challenges and which correspond to the scope of intervention of existing National Rural Development Programme's measures are:

Axis 1: The use of renewable energy is a viable alternative justified both from the environmental and economic points of view. The aim is to foster investments in renewable energy, in the efficient use of energy and in new technologies that contribute to sustainable development and to a higher security of supplies, finally leading also to economic growth. For this purpose, investments in perennial energy crops (short rotation coppice and herbaceous grasses) and processing of agricultural/ forestry biomass in renewable energy are encouraged.

Special attention is paid to investments for saving water through investment in efficient irrigation systems, including water storage and waste water treatment, for producing biogas using organic wastes and improving the efficiency of nitrate fertilisers use and storage.

Apart from these operations investment will be supported for restructuring the dairy sector and for improving the processing and marketing of dairy products. To enforce the aforementioned actions, additional funding will be added to measures: 121"Modernisation of agricultural holdings", 123"Adding value to agricultural and forestry products" and 125"Improving and developing the infrastructure related to the development and adaptation of agriculture and forestry".

Adapting agriculture and forestry to climate changes requires higher financial efforts from farmers to make the necessary investments.

Due to these reasons, increasing the aid intensity by 10% for investments improving efficiency of nitrogen fertilizer use, for installations for waste water treatment on farm and processing and marketing financed by measure 121 "Modernisation of agricultural holdings" will compensate the additional costs born by the farmers, taking into consideration that these investments does not generate profit.

Axis 2: One of the major challenges faced by European agriculture, is the sustainable management of natural resources especially: biodiversity conservation, sustainable management of High Nature Value areas, sustainable management of water resources, soil conservation, decreasing pollution from agricultural sources, climate change and producing energy from renewable sources.

Because there is the possibility to raise the fund allocation for the type of operations indicated by Annex II of the Regulation (EC) no.74/2009 and taking into consideration the Axis 2 priorities and objectives for the period 2007-2013 regarding the remuneration of environmental services delivered by agricultural land users, the following activities were identified:

- biodiversity conservation by preventing land abandonment in less favoured area and support for maintaining extensive use of pastures with high nature value;
- continuation of support for meeting existing objectives related to future Natura 2000 environmental commitments;
- improve water quality through additional commitments to continuing not to use pesticides and chemical fertilizers;

- assurance of better soil management practices through agri-environment commitments such as use of green cover cultivation of soil in winter time;
- contribution to adaptation and mitigation of climate change and its adverse effects through support given for afforestation;

Taking into account that most of these activities are covered by Measure 214-agri-environment payments and that in 2008 –the first year of implementation for packages 1 and 2 of Measure 214-agri-environment payments, contracts were concluded for almost all the existing financial envelope of Measure 214 for the whole programming period 2007-2013, the budget of the measure is reinforced with additional funding to allow new agri-environment commitments.

Axis 3: According to the EERP, renewable energy is one of the priority actions addressing the new challenges; therefore support to private investments offered by Measure 312 for purchase of equipment for producing energy from renewable sources is strengthened. At the same time, the EERP supplements the support for public investments financed by Measure 322 for purchase of installations/infrastructure for producing and supplying energy from existing renewable sources (bio-mass, solar and wind energy, geothermic).

The additional support granted through EERP is allocated for actions preventing environmental constraints caused by inappropriate energy management, by using alternative energy systems that are more environmentally friendly and sustainable. Moreover, the Romanian climatic potential is favourable for the production of renewable energy, being a cheaper energy generating alternative. Support for investments in equipment for producing renewable energy, will contribute to the reduction of negative consequences on the environment, such as greenhouse gas emissions, acid rain, increasing the dust concentration in the atmosphere that leads to global warming, the most obvious sign of climatic changes across the world. An important advantage of using alternative energy is the increase of the level of comfort for the rural population, allowing public buildings offering services to the rural population to get equipped with installations for generation and use of renewable energy.

Measure 322, that integrates the activities and operations of three measures, respectively 321-“Basic services for the economy and rural population”, 322-“Village renewal and development” and 323-“Conservation and upgrading of the rural heritage”, will finance, after 2010, investment in broadband internet infrastructure.

In Romania, the broadband infrastructure coverage level is low, both in urban and in rural areas, which requires support for investments in broadband internet infrastructure. This type of infrastructure can be supported by the NRDP provided that the demarcation with other programmes is redefined, in order to avoid double financing.

Currently, the SOP IEC finances, at territorial level, the support of specific actions such as broadband connections in underserved areas.

Taking into account the fact that the funds allocated to support broadband under the Sector Operational Programme “Increase of Economic Competitiveness” are

insufficient to cover all market failure areas³, including rural areas, it is envisaged that this type of infrastructure investment would be financed by the NRDP, after 2010.

By supporting this type of investment under NRDP, broadband coverage at the country level will increase, offering new opportunities for development of administrative structures, better access to knowledge and information of citizens and implicitly the development of the business environment offering new opportunities for investment in rural area. Therefore, adding funds for broadband infrastructure in rural areas will reduce the social exclusion of the rural population.

For supporting development of broadband infrastructure it is required a clear demarcation with Structural Funds in view of avoiding double finance as well as modification of the National Strategic Reference Framework and programming documents to guarantee complementarity. This requires a certain period of time. Furthermore the existing statistical data does not allow a clear distinction between rural and urban areas as regards broadband coverage.

Because of the delay in adoption of a national strategy for the development of broadband connections and non-identification of the internet regional operators, the investments in broadband infrastructure will be supported, after 2010 with actions that will be implemented in due time to allow the rural development to contribute to achieving the EU objective of 100% broadband coverage between 2009-2013.

Investment in broadband infrastructure will be introduced by a new modification of the RDP immediately after the above mentioned aspects are agreed upon by the Romanian Government. The RDP will then complement the investments in broadband infrastructure programmed within SOP Increase of Economic Competitiveness (co-financed by ERDF) and will contribute to the implementation of the objectives of the national strategy for the development of broadband infrastructure.

The programme modification will be prepared by the RDP Managing Authority, in conformity with the updated national strategy and the time schedule of investment operations financed by SOP IEC so that a time gap between SOP ISC and RDP operations is avoided.

A new demarcation between SOP IEC and RDP interventions will be established to guarantee complementarity of the operations financed by the two programmes and to avoid double financing. The agreed demarcation will then be implemented through modifications to all relevant programming documents. The demarcation criteria will depend on the areas of intervention of the two programmes in conformity with the RDP and SF legal provisions and eligibility rules.

Cooperation between the MAs of the two programmes and the Ministry of Communication will be reinforced. The details concerning implementation will be

³ The failure areas in what concerns the access to the broadband infrastructure have been defined (within the Governmental strategy for the development of the broadband infrastructure in Romania during 2009-2015) as areas with maximum 10,000 people and maximum two internet service providers.

established in the RDP. This RDP modification will be developed in close cooperation with the relevant authorities responsible for implementation of broadband operations including consultation with the National Regulatory Authority to ensure the respect of EU e-communication directives.

The practical implementation of the operations related to broadband infrastructure will be closely coordinated with the authorities responsible for broadband for the purpose of avoiding duplication of effort, utilising existing know-how and experience and ensuring that both authorities will have sufficient information on the projects and procedures to effectively carry out their respective responsibilities as laid down in Community legislation, including in relation to the delegation of certain functions to other bodies.

RD authorities and relevant implementation bodies should take account of the recommendations of the Communication on "Better access for rural areas to modern ICT" (COM(2009) 103 final) which among other things calls on Member States RD authorities to establish actions on 'networking, benchmarking monitoring and other actions (possibly in the framework of existing ICT observatories) aimed at supporting local and regional capacity to manage, plan and implement ICT projects within the framework of the RDPs.'"

A-4) Modifications introduced to measure fiches

5.3.1.2 „Measures aimed at restructuring and developing the physical potential and promoting innovation”. Measure 121”Modernisation of agricultural holdings”

- legal basis section (page 202, RO version 4) – the text in bold was added as follows:

**Article 1 point 2 (1) (b, c, e) of (EC) Regulation no. 473/2009;
Annex Regulation (EC) no. 74/2009**

-The section "Type of investment (tangible/intangible) and eligible expenditures" (page 207, RO version 4) - the text in bold was added as follows:

- i. Construction and/or modernization of buildings used for the agricultural production at farm level, **including investments for meeting community standards** and those used for the environment protection and **manure storage**;
- ii. Construction and/or modernization of diary cow farms **as for example: equipments for feedstuff preparation, milking equipments, technological lines for milk processing, and packing, technical equipments at farm level for increasing quality, etc.**

- Volume of support section -2007-2009 and 2010-2013 periods - the text in bold was added (page 210, RO version 4) :

10% for investments aiming to implement the new challenges through the following operation types: “improving the efficiency of usage and storage of nitrogen

fertilizers”, “installations for waste water treatment and within the processing and trading processes. This increase applies exclusively to the part of the project representing investment in these types of operations“.

- Financing section - replacement of the *italic text* with the **bold text** (page 212, RO version 4)

Total cost: 1,840,962,042 replaced with **1,894,191,612** Euro

Public expenditure: 991,827,895 Euro replaced with **1,020,505,603** Euro, of which:

28,677,708 Euro, of which **22,942,166** Euro represent the EERP financial allocation for projects aiming the new challenges

The quantified targets for EU common indicators are amended as follows: the text in italic was replaced by the text in bold (page 212, RO version 4)

- Target for output indicators Number of farms that receives investment support was increased from 43.453 to **44.458**; and Total volume of investment (Euro) was increased from 1,840,962,042 Euro to **1,894,191,612** Euro
- Target for result indicator Number of holdings generating/introducing new products and/or new technologies was increased from 21,727 to **22,982**. Additional output indicators the number of farmers supported per type of farm was increased as follows: semi-subsistence from 20.251 to **20.720**; members of associations from 6.518 to **6670**; associations from 652 to **670**; number of farms that produce and uses renewable energy from 435 to **445**; number of farms that meets community standards following the support from 19.554 to **20.000**.

5.3.1.2. “Measures aimed at restructuring and developing the physical potential and promoting innovation”. Measure 123 „Adding value to agricultural and forestry products”

„Legal basis” section (page 225, RO version 4) – the text in bold was added as follows:

Article 1 point 2 (1) (b, c, e) of Regulation (EC) no. 473/2009

Annex of Regulation (EC) no. 74/2009

Financing section - replacement of the *italic text* with the **bold text** (page 235 RO version 4)

Total cost: 2,708,792,184 replaced with **2,761,626,432** Euro

Public expenditure: 1,071,174,126 Euro replaced with **1,092,682,409** Euro, out of which: **21,508,281** Euro, out of which **17,206,625** Euro represent the EERP financial allocation for projects aiming the new challenges

The quantified targets for EU common indicators were amended as follows: the text in italic was replaced by the text in bold (page 236 and 237, RO version 4)

Target for output indicators: Number of enterprises changed from 3138 to **3205** of which Micro-enterprises changed from 2.511 to **2.560**, SMEs from 565 to **580** and other from 62 to **65**.

Total volume of investment (Euro) was increased from 2,708,792,184 Euro to **2,761,626,432** Euro and its division according to the size and type of sector was updated so that volume of investment dedicated to micro-enterprises was increased from 1,551,292,184 Euro to **1,581,550,432** Euro from 847,500,000 Euro to 864,030,000 Euro for SMEs and from 310,000,000 Euro to **316,046,000** Euro for other enterprises. (page 237, RO version 4)

Target for result indicator Number of holdings introducing new products or techniques was increased from 1,569 to **1,622** (page 237, RO version 4)

Additional indicators the target for output indicators number of enterprises supported changed from 3.138 to **3.205** (page 237, RO version 4). Target for result indicators Number of enterprises meeting community standards changed from 3.138 to **3.205**. (page 237, RO version 4).

5.3.1.2. “Measures aimed at restructuring and developing the physical potential and promoting innovation”. Measure 125 „Improving and developing the infrastructure related to the development and adaptation of agriculture and forestry”

Legal basis section (page 250, RO version 4) – the text in **bold** was added as follows

Article 1 point 2 (1) (c) of Regulation (EC) no. 473/2009

Annex of Regulation (EC) no. 74/2009

Financing section -replacement of the *italic* text with the **bold** (page 257, RO version 4):

Total costs: 595,096,737 Euro replaced with **604,058,520** Euro

Public expenditure: 476,077,390 replaced with **483,246,816 Euro out of which: 7,169,427 Euro out of which 5,735,542 Euro represent the EERP financial allocation for projects aiming the new challenges**

The quantified targets for EU common indicators were amended as follows: the text in *italic* was replaced by the text in **bold** (page 258, RO version 4):

Target for output indicators: number of actions supported changed from 1.597 to **1.625**

Total volume of investment (Euro) was increased from 595,096,737 Euro to **604,058,520** Euro and the volume of investment for type of operation for agricultural activity was increased from 267,793,532 Euro to **276,755,315 Euro**.

Additional indicators the target for result indicator Area modernised and rehabilitated changed from 375,000 to **395,000**. (page 258, RO version 4):

5.3.2.1 „Measures targeting the sustainable use of agricultural lands“. Measure 214”Agri-environment payments”

Legal basis section (page 288, RO version 4) – the text in **bold** was added as follows:

Article 1 point 2 (1) (d) of (EC) Regulation no. 473/2009

Annex of Regulation (EC) no. 74/2009.

Financing section replacement of the *italic text* with the **bold text** (page 300 and 301, RO version 4)

Total cost: 963,233,617 Euro replaced with **996,408,184 Euro**

Public expenditure: 963,233,617 Euro replaced with **996,408,184 Euro**

33,174,567 Euro, out of which 27,203,145 Euro represent the EERP financial allocation.

The quantified targets for EU common indicators were amended as follows (page 301, RO version 4):

The output target for number of farm holdings or holdings of other land managers receiving support was increased from 154,867 to **170,867**; total area under agri-environmental support increased from 2,698,000 ha to **2,998,000** ha. The output target for total number of contracts increased from 179,867 to **199,867**.

The target for result indicators was amended as follows (page 301, RO version 4):

Areas under successful land management contributing to: physical area increased from 2,323,000 ha to **2,563,000** ha

a) bio diversity and High Nature Value farming/forestry increased from 1,623,000 ha to **1,863,000** ha

b) water quality increased from 2,323,000 ha to **2,563,000** ha

c) climate change increased from 375,000 ha to **435,000** ha

e) avoidance of marginalization and land abandonment increased from 1,623,000 ha to **1,863,000** ha

5.3.3.1. “Measures to diversify the rural economy”. Measure 312 „Support for the creation and development of micro-enterprises”

Legal basis section (page 314, RO version 4) - the **bold** text is added to the legal basis

**Article 1 point 2 (1) (b) of Regulation (EC) no. 473/2009
Annex Regulation (EC) no. 74/2009**

Scope and actions section - shall be added the **bold** text (page 316, RO version 4):

iv. Investments in renewable energy production

The *italic* text will be deleted and the **bold** text will remain

Furthermore, the acquisition of equipment for producing energy from other renewable sources than bio-fuels will be supported just as a component part of the project.

Section Financing – replacement the *italic* text marked with **bold** text (page 321, RO version 4)

Total costs: 589,891,817 Euro is replaced with **607,919,428** Euro

Public expenditure: 383,429,681 Euro is replaced with **395,147,628** Euro, out of which 9,910,000 Euro represent the financial allocation for guarantee scheme for SMEs.

11,717,947 Euro, out of which **9,374,357** Euro represent the financial allocation EERP for projects aimed at new challenges.

The quantified targets for EU common indicators were amended as follows (page 322 RO version 4):

The output target for Number of micro-enterprises supported increased from 9,895 to **10,091** and for Total volume of investment increased from 589,891,817 Euro to **607,919,428** Euro

The target for result indicators Gross number of jobs created increased from 28,924 to 29,494.

Target for additional indicator Number of supported micro-enterprises, broken down by investment type (page 322, RO version 4):

The following category was added: **Investments in renewable energy production 196**

5.3.3.2 „Measure to improve the quality of life in rural areas”. Measure 322 „Village renewal and development, improving basic services for rural economy and population and upgrading of rural heritage”

Legal basis section (page 333, RO version 4) - the **bold text** shall be added to the legal basis:

**Article 1 point 2 (1)(b) of Regulation (EC) no. 473/2009
Annex Regulation (EC) no. 74/2009**

Scope and actions section (page 336 RO version 4) – *the italic text* was deleted and **the bold text** remains

Investments for renewable energy production and supply systems as part of an integrated project (in case of a renovation project for a public building);

Financing section (page 343, RO version 4) replacement of the *italic text* with the **bold text**

Total costs: 1,579,217,870 Euro replaced with **1,603,748,692 Euro**
Public expenditure: 1,546,087,425 Euro replaced with **1,570,127,631 Euro** of which **24,040,206 Euro, out of which 19,232,165 Euro represent the EERP financial allocation for projects aiming the new challenges.**

The quantified targets for EU common indicators were amended as follows (page 343 and 344, RO version 4):

Target for output indicators Total volume of investment (Euro) was increased from 1,579,217,870 Euro to **1,603,748,692 Euro**.

Target for additional output indicator "Total volume of investments in basic services, broken down by type of action (ICT initiatives, mobility, cultural & social infrastructure, environment infrastructure, training, childcare facilities, and other)" was increased from 78,960,893 Euro to **103,391,715 Euro**.

The following text in bold was added after the tabled B2 national specific indicators (page 344, RO version 4).

Additional financial allocation from EERP will not result in an increase of total number of beneficiaries or additional actions supported but in the possibility to dedicate a higher share of investment to renewable energy in the integrated or simple projects selected for financing.

A-5) Modifications. Table 5.3.6 “List of operations types referred to in article 16(a)(3)(a) of Regulation (EC) no.1698/2005 up to the amounts mentioned at article 69 indent 5(a) of that regulation”

Table 5.3.6 provided in Annex I of the amended Regulation 1974/2006 is filled in and inserted in the RDP (page 273 to 378, RO version 4) as shown in Section 4.1 of this Working Document.

A-6) Modification of Chapter 6 Financial Plan

Table 6.1 “Annual Contribution from the EAFRD (in EUR)” was revised as requested by Annex I point (f) of Amended Regulation 1974/2006 (page 379, RO version 4)

Table 6.2 Financial plan by axis (in EUR, total period) was revised as requested by Annex I point (f) of Amended Regulation 1974/2006 (page 379 and 380, RO version 4)

Table 6.2.2 Financial plan per axis (in euro for the whole period) for the total new amount. (page 380, RO version 4). Although this table is not required it gives the overview of the programme budget per axis after adding in the additional amount from EERP.

Table 6.3 The Indicative budget related to the operations mentioned at art. 16 (a) of Regulation (EC) no.1698/2005 during 1st of January 2009-31 of December 2013 was inserted in Chapter 6 (page 380 and 381, RO version 4)

All four tables are provided in this Working Document under Point 7 "Financing"

A-7) Modification of Chapter 7 “Indicative breakdown by Rural Development measures The Indicative breakdown by Rural Development measures was updated to introduce the additional EERP financial resources injected in the RDP.(page 382 and 383, RO version 4)

A-8 Modification of ANNEX 1 baseline indicators and 1A- “Quantification of monitoring and evaluation indicators”(page 483 to 500, RO version 4). The monitoring and evaluation indicators table is amended to update the financial and target values after allocation of the additional amount from EERP.

5. THE EXPECTED IMPACTS OF THE AMENDMENTS

The amendment will have a positive impact on achieving the objectives of the RDP and will positively contribute to European efforts to mitigate and adapt to climate change, improvement of water management by promoting techniques to save water and increase water quality, to preserve biodiversity, to encourage development of techniques/processes generating and using renewable sources of energy, and to sustain the rapid restructuring efforts of the farming sector triggered by the termination of the milk quota regime in EU.

The detailed expected effects and quantified additional targets resulting from this proposed amendment are indicated in Points 4.1 and 4.2 of this working document. Positive effects are identified for each of the five priorities addressed. Output and result targets have been defined for each measure where EERP funds are injected. Quantitatively a total number of 16 196 additional EAFRD beneficiaries may access funding to tackle new challenges (through measures 214 and 312) and there should be a greater focus on the new challenges within projects supported under measures 121, 123, 125 and 322. Increasing the aid intensity for certain types of operations financed by Measure 121 will also have an incentive effect encouraging farmers to allocate a higher share of project investment to new challenges than otherwise may have been the case. (1255 more projects are now expected to include investments which will generate or introduce new products or new technologies).

6 ASSESSMENT

General assessment of the modification

The amendments proposed are coherent with the National Strategy Plan as modified in the framework of the HC/EERP exercise. The observations and comments made in the Commission letter following consultation of other DG AGRI and Commission servicers were properly addressed by the final version of the RDP. The proposed amendments to integrate EERP additional support respect the provisions of Council Regulation (EC) No 1698/2005 and of Commission Regulation (EC) No 1974/2006.

7 FINANCING

Romania does not get additional financial resources resulting from compulsory modulation (Articles 9(4) and 10(3) of Regulation (EC) No. 73/2009) or amounts generated according to Article 136 of Regulation (EC) No. 73/2009). Therefore the only additional amount added to the initial EAFRD allocation comes from commitment appropriations decided in the framework of the agreement on the European Economic Recovery Package according to Council Decision 2009/434/EC amending Council Decision 2006/493/EC. This additional financing is shown in tables 6.1, 6.2 and 6.3 below.

Tables 6.1 Annual contribution from EAFRD (in Euro)

	2007	2008	2009	2010	2011	2012	2013	Total
Convergence regions *	0	1,146,687,683	1,442,871,530	1,359,770,651	1,357,854,634	1,359,146,997	1,356,173,250	8,022,504,745
Additional EERP amounts**	0	0	59,820,000	41,874,000	0	0	0	101,694,000
Total EARD	0	1,146,687,683	1,502,691,530	1,401,644,651	1,357,854,634	1,359,146,997	1,356,173,250	8,124,198,745

(*) The whole territory of Romania is convergence region;

(**) Romania receives additional amount only from EERP

Table 6.2 Financial plan by axis (in Euro total period) – initial amount

Axis	Public contribution		
	Total public contribution	EAFRD contribution rate (%)	EAFRD amount
EAFRD -Convergence regions			
Axis 1	3,967,311,580	80.00	3,173,849,264
Axis 2	2,293,413,374	82.00	1,880,598,967
Axis 3	2,473,739,880	80.00	1,978,991,904
Axis 4	235,074,870	80.00	188,059,896
Technical Assistance	376,119,793	80.00	300,895,834
Complementary direct payments	625,136,100	80.00	500,108,880

Total EAFRD convergence regions	9,970,795,597	80.46	8,022,504,745
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Table 6.2.1 Additional amounts according to art.69(5a)of Reg.(EC) no.1698/2005* - Convergence regions

Axis	Public contribution		
	Total public contribution	EAFRD contribution rate (%)	EAFRD amount
Axis 1	57,355,416	80.00	45,884,333
Axis 2	33,174,567	82.00	27,203,145
Axis 3	35,758,153	80.00	28,606,522
Axis 4			
Technical Assistance			
Complementary direct payments			
Total Additional amounts - Convergence regions	126,288,136	80.53	101,694,000

(*) Romania receives additional amount only from EERP

The presentation of Table 6.2 should be revised so that the format of both parts is identical, with "0" values where relevant. In addition, although not required by the legal framework, it is suggested that a further table should be added as shown below, indicating the total resources available per axis.

Table 6.2.2 Financial plan by axis (in Euro total period) – total amount

Axis	Public contribution		
	Total public contribution	EAFRD contribution rate (%)	EAFRD amount
Axis 1	4,024,666,996	80.00	3,219,733,597
Axis 2	2,326,587,941	82.00	1,907,802,112
Axis 3	2,509,498,033	80.00	2,007,598,426
Axis 4	235,074,870	80.00	188,059,896
Technical Assistance	376,119,793	80.00	300,895,834
Complementary direct payments	625,136,100	80.00	500,108,880

Total general	10,097,083,733	80.46	8,124,198,745
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Table 6.3 The indicative budget related to the operations mentioned in Article 16 (a) of Regulation (EC) No. 1698/2005 for the period 1.1. 2009-31.12.2013

Measure/Axis	EAFRD contribution for 2009 - 2013
111 - Vocational training, information actions and diffusion of knowledge	0
112 - Setting up of young farmers	0
113 - Early retirement of farmers and farm workers	0
114 - Use of advisory services	0
121 - Modernisation of agricultural holdings	22,942,166
122 - Improving of the economic value of forests	0
123 - Adding value to agricultural and forestry products	17,206,625
125 - Improving and developing infrastructure related to the development and adaptation of agriculture and forestry	5,735,542
141 - Supporting semi-subsistence agricultural holdings	0
142 - Setting up of producer groups	0
143 - Providing farm advisory and extension services	0
Total Axis 1	45,884,333
211 - Support for mountain areas	0
212 - Support for Less Favoured Areas – other than mountain areas	0
213 - Natura 2000 payments, on agricultural land	0
214 - Agri-environment payments	27,203,145
221 - First afforestation of agricultural land	0
223 - First afforestation of non-agricultural land	0
224 - Natura 2000 payments, on forestry land	0
Total Axis 2	27,203,145
312 - Support for the creation and development of micro-enterprises	9,374,357
313 - Encouragement of tourism activities	0
322 - Village renewal and development, improvement of basic services for the economy and rural population, conservation and upgrading the rural heritage*	19,232,165
341 - Skills acquisition and animation with a view to preparing and implementing a local development Strategy	0
Total Axis 3	28,606,522
4.1 Implementation of Local development strategies:	
<i>411. Improving the competitiveness of the agricultural and</i>	0

<i>forestry sector</i>	
412. Improvement of the environment and rural area	0
413. The quality of life in rural areas and the diversification of the rural economy	0
4.21 Implementing cooperation projects	0
4.31 Running the Local Action Groups, acquiring skills and animating the territory	
431-1 Public-private partnership building	0
431-2 Running costs, skills acquisition and animation	0
Total Axis 4	0
Total axis 1, 2, 3, 4	101,694,000
511 Technical assistance	0
of which expenditures for the national network of rural development	
- (a) running costs	0
- (b) action plan	0
611 Complements to direct payments	0
Total NRDP (without 611)	101,694,000
GENERAL TOTAL	101,694,000

*Includes Measure 321 - Basic services for the economy and rural population

8. Monitoring Committee

This proposal to modify the NRDP following the adoption of the European Economic Recovery Plan (EERP), was approved by the NRDP Monitoring Committee, by written procedure on 13th of July 2009.

PART II- Type 6.1 (c) modifications b) to k)

b) Increase the maximum ceiling of advance payments from 20% to 50% of the public aid related to investment measures for operations selected for financing in 2009 and 2010.

3. Reasons and any implementation problems justifying the amendment

Romania's agricultural sector and rural economy generally have a more reduced accessibility to the financial services offered by the banking system than the rest of the economy.

The lack of own co-financing resources and the reluctance of the financial lending institutions to grant loans to farming and rural entrepreneurs are key factors limiting access to the RDP investment measures. Many applicants for financial support offered under NRDP face difficulties in getting the private co-financing required to start the

investments and are forced to abandon their development projects with direct consequences on their own income, the local economy and also on absorption of EAFRD funds. The on-going economic and financial crisis has worsened the conditions for getting co-financing and the provision of 20% advance payments currently foreseen in the RDP proved in many instances to be insufficient to enable the investment to go ahead.

In order to facilitate the realization of investment projects in the context of the ongoing crisis the amendment to Regulation 1974/2009 allows Member States to raise the maximum ceiling for advance payments up to 50% for investments for which the decision to grant support is taken in 2009 and 2010. Romania decided to use this facility.

In order to facilitate the achievement of the investment projects, i.e. to support NRDP beneficiaries in the context of the current economic and financial crisis, the amount for advance payments will be raised up to 50% of the public support, in the case of investments for which the individual decision to grant the support is taken in 2009 or 2010, according to Regulation (EC) no. 1974/2006 **as amended by** Commission Regulation (EC) no.363/2009.

4. Description of the amendments proposed

Increasing the maximum ceiling for advance payments, for investments for which the individual decision to grant support is taken in 2009 and 2010, according to Commission Regulation EC no.363/2009 involves modifications in chapters 5.2 and 5.3.1.2 (within the technical fiches of measures 121, 123, 125, 312,313 and 322), modifications marked **bold**.

Amendments were made to the following parts of the RDP text as follows:

Modification B-1 Chapter 5.2. Specific requirements for some/all measures, sub-point “Advance payment”, (page 161, RO version 4) after the first paragraph, the text in bold is added:

For the investments for which the decision of granting support is taken in 2009 or 2010, the advance payment can be up to 50% of the public support granted, according to the provisions of Article 1 point (9) of Commission Regulation (EC) no. 363/2009 amending Regulation (EC) no. 1974/2006 laying down detailed rules for the application of Council Regulation (EC) no. 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development.

Chapter 5.3.1.2. Measures aimed at restructuring and developing the physical potential and promoting innovation

Modification B-2 - Measure 121 - “Modernisation of agricultural holdings”- the text in bold is added to the original text:

Articles on the legal basis of the measure: (page 202, RO version 4)

Article 20 (b) (i) and 26 of Regulation (EC) no. 1698/2005, Article 17 and point 5.3.1.2.1. of Annex II of Regulation (EC) no. 1974/2006, Article 34 and Annex VIII, section II (2) from the Accession Treaty of Bulgaria and Romania to the European Union, **Article 1 point (9) of Regulation (EC) no. 363/2009.**

Type of support: (page 209, RO version 4)

For the investments for which the decision of granting support is taken in 2009 or 2010, the advance payment can be up to 50% of the public support granted, according to the provisions of Article 1 point (9) of Commission Regulation (EC) no. 363/2009 amending Regulation (EC) no. 1974/2006 laying down detailed rules for the application of Council Regulation (EC) no. 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development.

Modification B-3 Measure 123 - “Adding value to agricultural and forestry products” the text in bold is added to the original text:

Articles on the basis of the measure: (page 225 RO, version 4)

Article 20 (b) (iii) and 28 of Regulation (EC) no. 1698/2005, Article 19 and point 5.3.1.2.3. of Annex II of Regulation (EC) no. 1974/2006, Article 34 and Annex VIII - section II (3) from the Accession Treaty of Bulgaria and Romania to the European Union, **Article 1 point (9) of Regulation (EC) no. 363/2009.**

Type of support: (page 234 RO, version 4)

For the investments for which the decision of granting support is taken in 2009 or 2010, the advance payment can be up to 50% of the public support granted, according to the provisions of Article 1 point (9) Regulation (EC) no. 363/2009 amending Regulation (EC) no. 1974/2006 laying down detailed rules for the application of Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development.

Modification B-4 – Measure 125 “Improving and developing infrastructure related to the development and adaptation of agriculture and forestry” - the text in bold is added to the original text:

Articles on the basis of the measure: (page 248, RO version 4)

Article 20 (b) (v) and 30 of Regulation (EC) no. 1698/2005, point 5.3.1.2.5. of Annex II of Regulation (EC) no. 1974/2006, **Article 1 point (9) of Regulation (EC) no. 363/2009.**

Type of support: (page 257, RO, version 4)

For the investments for which the decision of granting support is taken in 2009 or 2010, the advance payment can be up to 50% of the public support granted, according to the provisions of Article 1 point (9) Regulation (EC) no. 363/2009 amending Regulation (EC) no. 1974/2006 laying down detailed rules for the application of Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development.

Modification B-5 -Measure 312 - “Support for the creation and development of micro-enterprises”- the text in bold is added to the original text:

Articles on the basis of the measure: (page 314, RO version 4)

Articles 52 (a)(ii) and 54 of Regulation (EC) no.1698/2005. Point 5.3.3.1.2 of Annex II of Regulation no.1974/2006, **Article 1 point (9) Regulation (EC) no. 363/2009.**

Type of support: (page 319, RO version 4)

For the investments for which the decision of granting support is taken in 2009 or 2010, the advance payment can be up to 50% of the public support granted, according to the provisions of Article 1 point (9) Regulation (EC) no. 363/2009 amending Regulation (EC) no. 1974/2006 laying down detailed rules for the application of Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development.

Modification B-6 - Measure 313 – “Encouragement of tourism activities - the text in bold is added to the original text:

Articles on the basis of the measure: (page 323, RO version 4)

Articles 52 (a)(iii) and 55 of Regulation (EC) no.1698/2005. Point 5.3.3.1.3 of Annex II of Regulation no.1974/2006, **Article 1 point (9) of Regulation (EC) no. 363/2009.**

Type of support: (page 329, RO version 4)

For the investments for which the decision of granting support is taken in 2009 or 2010, the advance payment can be up to 50% of the public support granted, according to the provisions of Article 1 point (9) of Regulation (EC) no. 363/2009 amending Regulation (EC) no. 1974/2006 laying down detailed rules for the application of Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development.

Modification B-7 - Measure 322-“Village renewal and development, improving basic services for rural economy and population and upgrading of rural heritage”- the text in bold is added to the original text:

Articles on the basis of the measure: (page 333, RO version 4)

Articles 52 (b)(i) and 56 of Regulation (EC) no.1698/2005. Point 5.3.3.2.1 of Annex II of Regulation no.1974/2006.

Articles 52 (b)(ii) and 56 of Regulation (EC) no.1698/2005. Point 5.3.3.2.2 of Annex II of Regulation no.1974/2006

Articles 57 of Regulation (EC) no.1698/2005. Point 5.3.3.2.3 of Annex II of Regulation no.1974/2006.

Article 1 point (9) of Regulation (EC) no. 363/2009.

Type of support: (page 341, RO version 4)

For the investments for which the decision of granting support is taken in 2009 or 2010, the advance payment can be up to 50% of the public support granted, according to the provisions of Article 1 point (9) of Regulation (EC) no. 363/2009 amending Regulation (EC) no. 1974/2006 laying down detailed rules for the application of Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development.

5. The expected impacts of the amendment

The amendment would facilitate the realisation of the investment projects allowing beneficiaries to start up the investments and limiting the number of beneficiaries that will abandon projects because of lack of own financial resources. The change will contribute to overcoming the negative effects of the on-going financial crisis on programme implementation and will increase the rate of absorption of Community funds and speed up the realisation of the programme contributing to the achievement of the programme objectives.

6. Relationship between the change and the National Strategy Plan

The change is compliant with the provisions of the National Strategy Plan and will better contribute to the achievement of the strategic objectives foreseen by NSP.

7. Financial implications of the modification

The amendment does not have implication on the financial allocation of RDP resources although it may contribute to a better financial execution of the programme.

8. Monitoring Committee

The modification was approved, in written procedure, by the members of the Monitoring Committee for NRDP, on 17th of June 2009.

c) Delete from text of Chapter 5, section 5.2.4 on targeting a reference to a selection criteria (*favouring micro-enterprises in rural area which occupy at least 50% of the jobs created with rural residents*) which was removed from the programme by the first modification of RDP.

3. Reasons and any implementation problems justifying the amendment

The first Romanian RDP version approved by Commission decision C(2008)3831 from 16/07/2008 contained a selection criteria for measure 312 and 313 which favoured applications submitted by the micro-enterprises which employed in priority rural residents (*at least 50 percent of new jobs created by the financed activities will be taken by residents in the rural area*). The Managing Authority implementing experience showed that this criterion could not be objectively assessed at the stage of selection of applications, since the status of employees is only known after the projects have been implemented, and it was removed from the RDP through the first modification of the RDP (notified by Commission letter D21669 from 11 September 2008). The first modification proposal removing this criterion omitted to remove reference to this condition spelled out in the general part of Chapter 5.2.4. Therefore for the sake of consistency of the RDP text the reference to this condition in the general part of the Chapter 5 has to be removed.

4. Description of the amendments proposed

Amendments were made to the following part of the RDP text:

5.2.4 Ensuring the direction of the support for the investment measures depending on the identified territorial needs and the structural disadvantages. Selection criteria (page 168 RO version 4)

The text in *italic* shall be deleted from the original text:

In order to ensure the efficiency of the investments in micro-enterprises, the impact and the sustainability of the employment degree on local level, special

provisions/criteria are foreseen, according to which the supported enterprises should create more than 1 job/25,000 Euro invested *or that the projects should create jobs occupied in an minimum percentage of 50% by rural areas' inhabitants.*

5. The expected impacts of the amendment

The amendment is not expected to have any impact of programme implementation but to guarantee the coherence and consistency of RDP and avoid confusion.

6. The relationship between the change and the national strategy plan

The proposed modification is in accordance with the objectives established within the National Strategic Plan for Rural Development.

7. Financial implications of the modification

Amendment does not have any financial implication

8. Monitoring Committee

The Monitoring Committee for NRDP was consulted on this modification and approved it by written procedure, on 27th of March 2009.

d) Increase the vineyards age limit defining the end of vines normal biological cycle from 25 to 40 years.

3. Reasons and any implementation problems justifying the amendment

The Romanian RDP finances investments for replacing vineyards of noble varieties of vines reaching the end of their normal biological cycle. These investments are not eligible to be financed by the National Wine Support programme under the restructuring/reconversion measure (Art 11 of Reg.479/2008). The main demarcation criteria used to avoid double financing of investments for planting vines between EAGF and EAFRD is the age limit defining the end of normal biological cycle of vines. This age limit was fixed at 25 years in the approved RDP. After the entry into force of Regulation (EC) no. 555/2008 laying down detailed rules for implementing Council Regulation (EC) No 479/2008 Romania has reassessed the definition of age limits defining the end of normal life based on provision of Art 6 of Regulation 555/2008. The assessment revealed that according to the domestic technologies and vineyards cultivation and wine making practices of Romania the current age limit of 25 years is technically and economically not justified to define the end of biological cycle and instead fixed it at 40 years. Therefore following the redefinition of this technical parameter both RDP and National Wine Support programme are amended to introduce this new age limit. This age limit is the main criteria used for demarcation of investments between EAGF and EAFRD and both programmes are amended to introduce it.

4. Description of the amendments proposed

Amendments were made to the following parts of RDP text:

Chapter 5.2. Specific requirements for some/all measures

Chapter 5.2.5. Criteria and administrative rules to avoid double financing (page 171 RO version 4)

Chapter 5.3.1.2. Measures aimed at restructuring and developing the physical potential and promoting innovation

Measure 121 “Modernisation of agricultural holdings” - Type of investments (tangible/intangible) and eligible expenditure (page 208 RO version 4)

The amendments consists of replacing the *italic* text with the **bold** text:

- I. Chapter 5.2. Specific requirements for some/all measures
Chapter 5.2.5. Criteria and administrative rules to avoid double financing, the wine sector (page 171 RO version4)

In Romania, the normal biological cycle for noble vineyards (*vitis vinifera*) is **40** years but, according to the location, species of vineyard or sustaining system, this cycle may fluctuate with +/- 5 years. Thus, only for the vineyards over **40** years old, will be financed through EAFRD and no plantation over **40** years old will be supported through the restructuring/reconversion system. In order to replace a noble vineyard area at the end of its normal biological production cycle, the beneficiary must obtain a land clearing authorisation and a replantation right, according to legislation in force. In order to avoid double-financing of investments in replanting of vineyards, within the two European financing sources, EAFRD and EAGF, the Management Authority has established together with PARDF a control system for this type of investment, as follows:

- 1) The age verifying method for the vineyard proposed for replantation (> **40** years)
- vii. Replacement of noble species of vineyards at the end of their production biological cycle (at least **40** years old) and which are not included in the restructuring/reconversion system of vineyards, supported through EAGF, within CMO Wine and setting-up of vineyards of grapes for consumption;

- II. Chapter 5.3.1.2. Measures aimed at restructuring and developing the physical potential and promoting innovation-Measure 121 “Modernisation of agricultural holdings” - Type of investments (tangible/intangible) and eligible expenditure section (page 208 RO version 4)

- vii. Replacement of noble species of vineyards at the end of their production biological cycle (at least **40** years old) and which are not included in the restructuring/reconversion system of vineyards, supported through EAGF, within CMO Wine and setting-up of vineyards of grapes for consumption;

5. The expected impacts of the amendment

The amendment would better target investment for replanting only those vineyards with reduced production potential due to the vines' biological cycle. The amendment would avoid replacement of vineyards not affected by decline of production and allow vineyards to reach the full potential of national vines varieties according to its real biological cycle. The amendment would contribute to better target the limited RDP financial resources to the needs of farming sector and better achieving Measure 121 objectives.

6. The relationship between the change and the National Strategy Plan

The amendment is compliant with the strategic objectives fixed by the National Strategy Plan and will contribute to a better achievement of NSP objectives.

7. Financial implications of the modification

The modification does not have any financial implication.

8. Monitoring Committee

The modification was approved, in written procedure, by the members of the Monitoring Committee for NRDP, during the third meeting of the MC on 27th of March 2009.

e) Technical correction consisting in providing the correct legal reference in the RDP text concerning the EU legal act regarding Community typology for agricultural holdings (Commission Decision 369/2003 instead of Regulation 369/2003)

3. Reasons and any implementation problems justifying the amendment

The EU legal reference to the legal act establishing a Community typology for agricultural holdings based on which monitoring indicators for four measures are collected wrongly indicate a Regulation instead of a Commission Decision. The amendment aims to provide the correct legal reference and avoid confusion.

4. Description of the amendments proposed

Amendments were made to the following parts of RDP text:

Chapter 5.3.1.2. Measures aimed at restructuring and developing the physical potential and promoting innovation. Measure fiches, point Quantified targets for EU common and additional indicators section of the following measures:

Measure 112 “setting up of young farmers” (page 201, RO version 4)

Measure 121 ”Modernisation of agricultural holdings”, (page 212, RO version)

Measure 123 “Adding value to agricultural and forestry products” (page 237, RO version 4)

Measure 142 “Setting up of producer groups” (page 270, RO version 4).

The amendment consists of replacing in the footnote of the tables regarding the quantified targets for EU indicators within measures 112,121,123 and 142 and respectively within the table regarding the additional indicators for measure 123 the *Regulation (EC) no.369/2003** with **Decision (EC) no.369/2003**.

5. The expected impacts of the amendment

The amendment will not have an impact of the implementation of the programme but will avoid confusion and ensure coherence of the RDP text.

6. Relationship between the change and the NSP

Not applicable

7. Financial implications of the modification

No financial implication as the amendment concern correction of a mistake.

8. Monitoring Committee

The modification was approved, in written procedure, by the members of the Monitoring Committee for NRDP, within the third reunion on 27th of March 2009

f) Update on the legal reference indicated in annex of Measure 121 concerning EU standards for which Romania benefit of a grace period during which EAFRD funds could be invested to meet those standards.

3. Reasons and any implementation problems justifying the amendment

The EU legal framework defining Community standards for which RO and BG benefit from a grace period and could still finance investments to meet these standards for a defined period was updated during the year 2008. The following updates are relevant for the Romanian RDP: Council Directive 2008/119/EC of 18th of December 2008 repealing the Directive 91/629/EEC of 19 November 1991 and Council Directive 2008/120/EC of 18th of December 2008 repealing Council Directive no. 91/630/CEE of 19th of November 1991.

Both Directives keep entirely the content of the old directives and the Romanian Competent Authority (NSVFSA - National Sanitary Veterinary and Food Safety Authority) provided to the Managing Authority a written confirmation (Internal Note 79592/21.05.2009) that their content remain unchanged and therefore no new transposition into national legislation is required, the existing national legal acts (NSVFSA Order no. 72/2005 on the Sanitary Veterinary Norm laying down minimum standards for the protection of calves representing the translation of Council Directive 91/629/EEC laying down minimum standards for the protection of calves and the NSVFSA Order no.202/2006 for the Sanitary Veterinary Norm laying down the minimum standards for the protection of pigs representing the translation of Council Directive 91/630/EEC of 19 November 1991 laying down minimum standards for the protection of pigs) remained valid.

The amendment aims to indicate correctly the legal reference and eliminate confusion as regards the legal bases for Community standards that enjoy a grace period.

4. Description of the amendments proposed

Amendments were made to the following parts of RDP text:

Chapter 5.3.1.2. Measures aimed at restructuring and developing the physical potential and promoting innovation

Measure 121 “Modernisation of agricultural holdings”

Annex - Description of Community standards in force (page 214, RO version 4)

The bold text is added to the original text, and the italic text is deleted:

I. Standard no. 8 Minimum standards for protection of calves

Council Directive no. 91/629/EC from the 19th of November 1991, art. 3 and 4
Directive 2008/119/EC from 18th of December 2008 for establishing the minimum protection norms for calves. (page 214, RO version 4)

II. Standard no.9 Minimum standards for the protection of pigs

Council Directive 91/630/EEC of 19 November 1991, art. 3 and 4 ind.(1) **Directive 2008/120/EC of 18th of December 2008** laying down minimum standards for the protection of pigs. (page 214, RO version 4)

5. The expected impacts of the amendment

The amendment will guarantee better implementation of the programme by providing the correct legal reference on Community standards.

6. Relationship between the change and the NSP

Change in line with NSP.

7. Financial implications of the modification

The change has no financial implications.

8. Monitoring Committee

The modification was approved, in written procedure, by the members of the Monitoring Committee for NRDP on 27th of March 2009.

g) Update the lists of food establishments that benefit of transition period to comply with food safety standards as well as the legal reference updating these lists.

3. Reasons and any implementation problems justifying the amendment

The Accession Treaty for Bulgaria and Romania provides in Appendix B, Annex VII a list of processing establishments in the field of meat, milk and dairy and eggs which benefit from a period of transition in order to comply with the minimum standards regarding the environment, hygiene and welfare of animals. The establishments listed in this annex could still apply for EAFRD investment to meet Community standards until the end of the respective transition period. These enterprises which benefit of a transition period for meeting standards shall be supported in priority since the transition period end on 31 December 2009.

The list of establishments that benefit from the transition period until the 31st of December 2009 is permanently monitored by the National Competent Authority (National Sanitary Veterinary and Food Safety Authority-Directorate of Hygiene, Veterinary and Public Health) and establishments that already meet the standards or fails to comply with the upgrading investment plans are eliminated from the list and the list is regularly updated by Commission Decision.

Annex VII of the Treaty regarding Bulgaria and Romania's Accession to the EU, was amended through (EC) Decisions no. 23/2007 (OJ L 8 from 13th January 2007) and no. 710/2007 (OJ L 288/06.11.2007), **no.465 (O.J L 161 of 20.06.2008), no.720 (O.J L 240 of 09.09.2008) and Decision no. 374 (O.J. L 116 of 09.05.2009).**

The amendment of the list of establishments allows targeting the aid in priority to those establishments that benefit of the transition period to comply with the standards and ensure a transparent prioritisation of investment for measures 123. The amendment introduces the latest updating of the list of establishments and adds the recent Commission Decisions amending it.

4. Description of the amendments proposed

Changes were introduced in the following part of RDP text:

Chapter 5.3.1.2. Measures aimed at restructuring and developing the physical potential and promoting innovation – Measure 123“Adding value to agricultural and forestry products”

Designation of the standards for which a period of grace can be granted to enterprises and micro-enterprises in order to comply with newly introduced standards. The text in bold was added to the original text as follows:

Enterprises with a transition period

The meat, milk and dairy products processing units mentioned in Appendix B, Annex VII of the Treaty regarding Bulgaria and Romania's Accession to the EU, who benefit from a period of transition in order to comply to the minimum standards regarding the environment, hygiene and welfare of animals, will receive support in order to comply to the required standards until the end of the respective transition period or of the investment period, whichever of the two takes place first (the list of the units that are in a transition period until the 31st of December 2009, mentioned in Appendix B, Annex VII of the Treaty regarding Bulgaria and Romania's Accession to the EU, was amended through (EC) Decisions no. 23/2007 (OJ L 8 from 13th January 2007) and no. 710/2007 (OJ L 288/06.11.2007), **no.465 (O.J L 161 of 20.06.2008), no.720 (O.J L 240 of 09.09.2008) and Decision no. 374 (O.J. L 116 of 09.05.2009)** is presented in Annex 1 of the technical fiche of the measure). These enterprises which benefit of a transition period for meeting standards shall be supported as priority enterprises. (Page 239, RO version 4)

Tables in Annexe 1 replaced with new tables of the amended Decisions. (page 239 to 245 RO version 4)

5. The expected impacts of the amendment

The amendment will contribute to better targeting of investment support according to the priorities established by the NSP and RDP and ensure transparency of support granted to establishments that benefit of special transition period agreed by the Accession Treaty. Amendment will contribute to better implementation of the RDP.

6. Relationship between the change and the NSP

The change is fully compliant with the NSP strategic objectives and contributes to better achievement of strategic objectives defined by the NSP.

7. Financial implications of the modification

Change has no financial implications.

8. Monitoring Committee

The modification was approved by the members of the Monitoring Committee for NRDP, on 27th of March 2009.

h) Delete the eligibility condition related to evidence of owning a milk quota for investment in dairy farming.

3. Reasons and any implementation problems justifying the amendment

The expiry of the quota regime under Council Regulation (EC) No 1234/2007 requires specific efforts from dairy farmers. Therefore the limitation foreseen in the RDP on investments support for dairy farms to stay within the limits of the production quotas allocated to the individual farms could be eliminated as allowed by the amended Regulation 1974/2006.

The huge restructuring effort together with the time span required for the investment in dairy farms to materialise would allow investment to be completed towards the end of quota regime so that the sector could face free competition just when the regime expires if such limitations are eliminated early enough.

The amended Community legal framework (Regulation 363/2009) allows elimination of such restrictions with effects from the beginning of the programming period.

4. Description of the amendments proposed

Changes were introduced in the following part of RDP text:

5.3.1.2. Measures aimed at restructuring and developing the physical potential and promoting innovation – Measure 121 “Modernisation of agricultural holdings” - Type of investments (tangible/intangible) and eligible expenditure section point iii)

The text in italic is deleted from the original text: (page 207, RO version 4)

iii. Construction and/or modernization of dairy cow farms *which fit with the European Milk Quota System only for the capacity which is at the level of the production quota held by the beneficiary;*

The eligibility criteria g) page 205 RO version 4 was deleted from the list of eligibility criteria

5. The expected impacts of the amendment

The amendment will have positive impact through better targeting of investment in the sector to the needs of rapid restructuring of the dairy sector and the size of investment will no longer be influenced by such limiting factors. The elimination of investment limitation linked to supply management instrument would allow the farmers to adapt to the new market conditions in time to face increased competition when the quota regime expires.

6. Relationship between the change and the NSP

The change is in full compliance with the NSP and will contribute to better achievement of the NSP objectives.

7. Financial implications of the modification

The modification does not have financial implications.

8. Monitoring Committee

The modification has been approved, in written procedure, by the members of the Monitoring Committee for NRDP, on 13th of July 2009.

i) Elimination from the list of priority sectors for measure 123 the provision that investment in wine making would be taken over as of 2009 by the national wine support programme financed by pillar I

3. Reasons and any implementation problems justifying the amendment

Because at the time of preparation and approval of the RDP the reform of the Wine CMO was still on-going Romania decided to include wine processing among the investment eligible under measures 123 but only till 2009 when this kind of investment will be made available under the investment measure of the National Wine Support programme (Art.15 of Regulation 479/2008). Therefore a clause was introduced in the RDP measures fiche 123 concerning the list of priority sectors where investment would be made indicating that wine is a priority sector only until 2009 when this investment will be taken over by the National Support programme for wine financed by EAGF.

The first National Support Programme for wine of Romania sent to the Commission in June 2008 has not included the investment measure from 2009 on as originally proposed and written in the RDP programme. The assessment of the restructuring and development needs in the wine sector determined the Romanian government to focus the majority of support provided by EAGF for restructuring/reconversion, promotion activities, crop insurance and use of concentrated grape must leaving investment in processing outside the scope of the wine support programme. Therefore investment for wine processing would remain outside both RDP and Wine support programme from 2009 on provided the demarcation clause spelled out in RDP measure 123 is not removed from the RDP measure fiche.

The proposed of this modification is to adjust the RDP to the changes occurred in the demarcation/complementarity with pillar I after enforcement of the wine support programme and avoid that wine processing sector does not benefit of investment support provided by the CAP. This will allow investment in wine making to be continued under the RDP which will contribute to the efforts to increase wine sector performance and competitiveness.

4. Description of the amendments proposed

Changes were introduced in the following part of RDP text:

5.3.1.2. Measures aimed at restructuring and developing the physical potential and promoting innovation – Measure 123 “Modernisation of agricultural holdings”

Primary production sectors section (page 230, RO version 4).

The text in italic is deleted from the original text:

(vii) wine (*excepting the investments to be realised starting with 2009 through Pillar I, CMO, as established in the reform package*).

5. The expected impacts of the amendment

The amendment is expected to guarantee increase of performance of wine sector and eliminate financial gap created by the decision to excluded investment from wine support programme. It guaranteed increased complementarity between EAGF and EAFRD and avoid that such an important sector of the Romanian rural economy does no benefit of Community support.

6. Relationship between the change and the NSP

The change is compliant with the needs and objectives indentified by the NSP and answers to the investment priorities indentified by the NSP.

7. Financial implications of the modification

The modification has no financial implications on the programme.

8. Monitoring Committee

The modification was approved, in written procedure, by the members of the Monitoring Committee for NRDP, on 13th of July 2009.

j) Amendment of the list of priority sectors of measure 121 for targeting investment in farming

3. Reasons and any implementation problems justifying the amendment

Based on the experience of one year of implementation and four calls for application for measure 121 the Managing Authority after consultation with farmers associations and several consultation of members of the Monitoring Committee decided to adjust

the list of priority sectors to which investment are targeted in priority by the measure to better answer to the development needs of the farming sector. The adjustment concerns only the sectors in the animal breeding field where the number of applications for financing remain very low (about 10% of the total) one of the reason being the delimitations of animal priority sectors.

The proposed adjustments consists in: 1) elimination of the beef sector from the list of priority sectors while extending the coverage for the fowls sector to all kinds of rearing systems and not only to small farm extensive breeding system for egg production as originally foreseen; 2) further detailing the pig sector to indicate that both reproduction and fattening activities are considered part of the pig sector.

The first adjustment aims to extend the coverage of the fowls sector to other rearing systems (outdoor and indoor rearing) and for meat not only eggs. The needs for important investments in the sector mainly related to time constraint (limited grace period) for meeting Community standards (environment, hygiene and animal welfare) and the economic considerations (growing demand for egg and poultry meat and increase competitiveness) are the main justifications. In compensation (to keep the same number of priority sectors) the Managing Authority in agreement with farmers organization decided to take out the beef sector which is not a sector with tradition and growing perspectives in Romania.

The further detailing of the pig sector would allow scoring differently the applications for investment in pig farms for reproduction and fattening therefore giving more priority to one or the other activity depending on the situation of the sector.

4. Description of the amendments proposed

Changes were introduced in the following part of RDP text:

5.2.3 Ensuring the conformity of the cross-compliance requirements with Council Regulation (EC) no. 1782/2003 (page 167, RO version 4)

List of priority sectors for measures 121 was amended as follows: The text in italic is deleted from the original text and the text in bold is added:

Animal breeding sector: (i) dairy bovines, (ii) *meat bovines*, (ii) pigs (**out of which for: reproduction, fattening**), (iii) sheep and goats, (iv) poultry *in extensive systems and for eggs for consumption*

5.3.1.2. Measures aimed at restructuring and developing the physical potential and promoting innovation – Measure 121 “Modernisation of agricultural holdings”- Priority sectors (page 205, RO version 4)

The text in italic is deleted from the original text and the text in bold is added:

Animal breeding sector: (i) dairy bovines, (ii) *meat bovines*, (ii) pigs (**out of which for: reproduction, fattening**), (iii) sheep and goats, (iv) poultry *in extensive⁴ systems and for eggs for consumption*

⁴ Egg poultry breeding in house holding system, in open space.

Delete the footnote on extensive system i.e *Egg poultry breeding in household rearing system in open space*.

5. The expected impacts of the amendment

The amendment will improved the targeting of the investment and focus on most recent structural investment needs as demonstrated by experience after one year of implementation. Rebalancing of priority sectors will allow improvement of the selection process and differentiation of application depending on the strategic priorities established by the national authorities. The redefinition of the priority sector is expected to stimulate farmer from animal breeding to apply for investment especially from those sectors which faces high investment needs for meeting Community standards.

6. Relationship of the change with NSP

The change is in full compliance with the NSP and will contribute to better achievement of the NSP objectives.

7. Financial implications of the modification

The modification has no financial implications on the programme.

8. Monitoring Committee

The modification has been approved, in written procedure, by the members of the Monitoring Committee for NRDP, on 13th of July 2009.

k) Amending the selection criteria "holdings from priority sectors in the order of priority presented above" of measures 121 modernization of agricultural holdings

3. Reasons and any implementation problems justifying the amendment

Implementing experience shows that the vast majority of investment of measure 121 in crop sectors represents agricultural machineries (tractors and mechanical equipments) especially in the cereal sector. The application for this type of investment is simple and execution of investment is rapid. This is detrimental to more complex type of investments which get the same priority scoring in the selection process but needs a more laborious application preparation and execution of the investment. As the measure is oversubscribed the risk is that funds are quickly exhausted almost exclusively on machinery purchase in the cereal sector leaving other priorities like mitigation of climate change effects unaddressed. Therefore the Managing Authority want to further refine the selection process and gives higher priority points to investments in crop sectors (other than cereals) addressing the drought and water management problems.

4. Description of the amendments proposed

Changes were introduced in the following part of RDP text:

5.3.1.2. Measures aimed at restructuring and developing the physical potential and promoting innovation – Measure 121“Modernisation of agricultural holdings”- Selection criteria (page 205, RO version 4)

The text in bold is added to the original text:

Selection criteria:

- agricultural holdings adapting to newly introduced Community standards;
- priority sectors' holdings, ordered by the selection mentioned above. **The projects from the vegetal sector (points i-iv) having investments in irrigation systems could receive maximum score for this selection criterion only if their value is of : (1) minimum 20% of the eligible value of the project for the sectors from points i, ii and iv and (2) minimum 50% from the eligible value of the project for point iii ;**
- semi-subsistence agricultural holdings;
- the beneficiary which is constituted as an associative form or is a member of an associative form which is recognized according to the national legislation in force;
- agricultural holdings that have not benefited from SAPARD/EAFRD support for the same type of activity;
- organic vegetal and animal breeding holdings;
- projects that also have investments for processing agricultural products;
- agricultural holdings held by farmers under the age of 40 years at the date of project submission;
- agricultural holdings in less favoured areas.

5. The expected impacts of the amendment

The amendment is expected to improve the targeting giving higher priorities to investment addressing draught effects. The amendment is meant to correct failures in the selection system and rebalance the type of investment, avoiding concentration of investment only to investments which are easily accessible and address other priorities identified in the NSP and RDP.

6. Relationship between the change and NSP

The change is fully compliant with the NSP and aims to better address the needs and priorities identified by the NSP.

7. Financial implications of the modification

The change does not have financial implications.

8. Monitoring Committee

The modification has been approved, in written procedure, by the members of the Monitoring Committee for NRDP, on 13th of July 2009.