

WORKING DOCUMENT

1. GENERAL INFORMATION

MEMBER STATE: Spain **REGION:** Comunidad Valenciana (competitiveness region)

RDP Comunidad Valenciana (CCI 2007 ES 06 RPO 017) was approved by Commission Decision C (2008) 3841 of 16 July 2008.

2. LEGAL BASIS OF THE MODIFICATION:

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

This modification proposal was sent via SFC to the Commission on the 13 July 2009, following its approval by the Monitoring Committee of RDP Comunidad Valenciana (meeting of the 6 July 2009).

3. REASONS JUSTIFYING THE AMENDMENT / STRATEGY CHOSEN

- Comunidad Valenciana has decided to use the additional EAFRD amount of EUR 5 911 471 from the "Health Check and Recovery Package" as follows:

Measure	EAFRD
121.2 (new submeasure) - Modernisation of agricultural holdings – high technology horticulture	2 900 221
123 - Processing and marketing of agricultural products	3 011 250
Total	5 911 471

Submeasure 121.2 is new and it intends to contribute to the reduction of the emission of greenhouse gas to the environment and save energy. It is aimed at improving the sustainability as well as the energy efficiency of existing fruit and vegetables greenhouses of Comunidad Valenciana, by using cogeneration with natural gas as fuel source. The Spanish fruit and vegetable sector is facing increasing competition following the market opening to third countries. Fruit and vegetables greenhouses in Comunidad Valenciana have a high level of productivity and this action will contribute to their modernisation, by improving their energy efficiency and reducing their environmental impact, whilst reducing their costs. This submeasure complies with the National Strategy Plan (NSP) and with the regional strategy: the importance of the fruit and vegetables sector in the region is clearly defined in the RDP and its modernisation is coherent with the NSP. The same goes to the reduction of the environmental impact of the agricultural holdings.

The reinforcement of measure 123 also intends to improve the energy efficiency. It will cover actions aimed at producing renewable energy and the use of biomass. The actions to be financed will focus on the processing of by products of the agro food industry and agricultural biomass for renewable energy production (which is to be used by the beneficiaries themselves).

- Comunidad Valenciana has decided to allocate the total additional EAFRD amount of EUR 7 139 700 from the modulation adjustments (EUR 1 221 200) and the Wine CMO reform (EUR 5 918 500) to several measures, as follows:

Measure	EAFRD
111 - Training and information actions	23 700
112 - Setting-up of young farmers	632 000
113 - Early retirement	395 000
114 - Use of advisory services	35 708
115 - Setting-up of advisory services	59 092
121.1 - Modernisation of agricultural holdings	-156 088
121.2 - Modernisation of agricultural holdings – high technology horticulture	1 342 021
123 - Processing and marketing of agricultural products	2 328 367
125 - Infrastructure related to the dev. & adapt. of agriculture and forestry	39 500
Axis 1	4 699 300
211 - Less favoured Areas in mountain areas	77 280
212 - Less favoured Areas in non-mountain areas	44 850
214 - Agri-environmental payments	2 132 846
221 - First afforestation of agricultural land	26 220
226 - Restoring forestry potential and prevention actions	108 289
227 - Non productive investments	50 915
Axis 2	2 440 400
Total	7 139 700

The reasons for the increase of submeasure 121.2 and measure 123 are mentioned above. As measures 121 and 123 can finance operations related to the wine sector, the allocation of the additional funds to these measures may allow for the continuation of the financial support within wine producing areas.

Submeasure 214.1 - Organic Farming – This amount is intended to reinforce the budget of all the products of this submeasure, as well as to finance the new proposed product: shell fruit¹ in irrigated land (in order to distinguish it from "shell fruit in dry land").

Submeasure 214.6 - Beekeeping – This reinforcement is considered necessary to provide for the increase of the territorial implementation proposed for this submeasure: inclusion of Natura 2000 network areas of Comunidad Valenciana.

The EAFRD allocation of the other measures is reinforced in order to offset the differences in the total public expenditure per measure caused by the increase of funds, taking into account the wish to apply the same co-financing rate to all measures within an axis.

The only reason for the EAFRD increase of all these measures is the maintenance of the original indicative total expenditure allocated to each individual measure.

Even though the allocation per measure is indicative, Comunidad Valenciana considers that the original budget (total cost = total public expenditure + private expenditure) foreseen for each measure in the approved RDP must be maintained.

- Regarding the other (small) modifications, they are also in line with the strategy. They are of technical nature and intend to improve the implementation of the programme as well as the understanding of the measures by the beneficiaries, and to update legal references.

¹ For instance: walnut, hazelnut, almond.

3.1. Coherence with the National Strategy Plan and the Spanish National Framework

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

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

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

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

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

Furthermore, the allocation of the new funds from "**modulation adjustments**" and the "**Wine CMO**", are also in line with the Spanish National Framework.

4. DESCRIPTION OF THE AMENDMENTS PROPOSED:

This chapter is divided into three parts:

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

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

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

4.1.1. Description of the change

The EAFRD amount available for RDP Comunidad Valenciana from the "Health Check and Recovery Package" is EUR 5 911 471.

- a) Comunidad Valenciana proposes to reinforce measure 121, by creating a new sub measure 121.2 "Modernisation of agricultural holdings" with an EAFRD amount of EUR 2 900 221 and a co-financing rate of 75%.
- b) It will also reinforce measure 123 with an EAFRD amount of EUR 3 011 250 and a co-financing rate of 75%.

This new submeasure 121.2 intends to improve the energy efficiency of the high technology horticulture sector (fruit and vegetables greenhouses of Comunidad Valenciana), by using cogeneration with natural gas as fuel source. It will contribute to the reduction of the emission of greenhouse gas to the environment and save energy.

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

Measure 123 also intends to improve the energy efficiency. It will cover actions aimed at producing renewable energy and the use of biomass. The actions to be financed will focus on the processing of by products of the agro food industry and agricultural biomass for renewable energy production.

Axis / Measure	Priority: climate change adaptation and mitigation				
	Type of operation	Potential effects	"Existing" or "new" type of operation (E or N)	Referent to the description of the type of operation in the RDP	Output indicator - target
121.2	Improvement of energy efficiency (e.g. use of construction materials which reduce heat loss)	Reduction of carbon dioxide (CO ₂) emissions by saving energy	N	High technology greenhouses; cogeneration with natural gas as fuel source; CO ₂ retention facilities in order to reduce greenhouse gas emissions	Number of supported companies = 10
					Total volume of investment = EUR 17 000 000
123	Improvement of energy efficiency of the agro food industry	Reduction of carbon dioxide (CO ₂) emissions by saving energy	N	Using by products of the agro food industry to produce renewable energy	Number of supported companies = 10
					Total volume of investment = EUR 40 000 000

4.1.2. Text of the RDP

- New submeasure 121.2 "Modernisation of agricultural holdings (high technology horticulture)".

Legal basis: article 26 of Council Regulation (EC) No. 1698/2005; article 17 and point 5.3.1.2.1 of Annex II Regulation 1974/2006

Aims and targets of the measure: Modernisation of agricultural holdings (greenhouses), by introducing new techniques that allow a reduction of CO₂ emissions and improve both the energy efficiency and the economic efficiency of the holding. Total area: 20 ha.

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

Eligible investments are: facilities, equipment and machinery of the greenhouses, as well as those of the cogeneration equipment and recovery and use of the CO₂. General costs linked to the expenditure, such as technicians and consultants' fees, feasibility, environmental, health and safety studies and the authorisation of the operation are also accepted up to a limit of 12% of the total eligible investment.

Conditions: economic viability and compliance with environmental legislation. Investments must imply a technologic improvement regarding the initial situation of the holding. The beneficiary must also monitor the investment and do an evaluation of the technical and economic results of the project on the first 5 years.

Beneficiaries: physical or legal persons that manage agricultural holdings producing fruit and vegetables at the moment of the application procedure. The investment must foresee an increase of the competitiveness and viability of the holding via the decrease in the greenhouse gas emissions or an increase of the energy efficiency.

Amount of support: Support will be granted as a direct aid. The maximum support per beneficiary is EUR 2 000 000 for this submeasure in the 2007-2013 period. The intensity of aid is 40% of the eligible cost of the investment.

Selection criteria: a) technical characteristics of the project: reduction of ammonia and greenhouse gas emissions (measured as a percentage over the amounts emitted without treatment), energy use efficiency, direct employment generated by the project; b) quality of the project: clarity and quality of the documentation; design and calculation of the facility; c) type of beneficiary: small enterprise; medium enterprise; d) if the beneficiary is located in a Less Favoured Area according to Council Directive 75/268/EEC.

- Measure 123 – "Processing and marketing of agricultural products" – inclusion of the following modifications:
- Inclusion of the priorities, possible effects and types of operations of the new challenges applicable to this measure (as described in the table of point 4.1.1 of this working document).
 - Update of the financial data
 - Aid intensity: 20% to 40% of the eligible cost. For enterprises with less than 750 employees or with a turn over of less than EUR 200 million, the maximum aid intensity is halved. The text regarding the conditions to establish the percentage of the aid intensity within the 20% - 40% range has been deleted. For the amounts related to the new challenges, these aid intensities will be of 40% of the eligible cost.
 - Eligible cost: Machines, equipment and facilities, plus up to 12% for general costs: technicians and consultants' fees, feasibility studies, etc. Investments aimed at retail sales are eligible if the marketing is done via the Producers' Organisations or its associated entities, regarding the products of their associates or the products of other non-associated producers.
 - Type of investment: "Tangible" has been replaced by "material and immaterial". Investments can cover all sectors of the agro-food primary production included in Annex I of the Treaty.
 - Beneficiaries: regarding investments using by products of the agro-food industry to produce renewable energy – SME of the agro-food sector,
 - Selection criteria: the text is deleted from the RDP. The new text in the RDP is the following: Projects will be analysed according to several criteria which will include, among others: projects that promote the creation of enterprises; projects that promote job

creation; projects carried out by women; projects carried out by young people; projects that improve or carry out the processing and/or marketing of local products. As far as the use of sub products is concerned, the criteria will mainly refer to the volume of dry material to be used, the reduction of ammonia and greenhouse gas emissions as well as the nitrogen reduction.

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

These modifications concern the amount of EUR 7 139 700 allocated to Comunidad Valenciana. From this amount, EUR 5 918 500 comes from CMO Wine and EUR 1 221 200 from the modulation adjustments. The allocation is described under Point 3 of this working Document.

4.2.1. Description of the change - Text of the RDP

The modifications to the text of the RDP in the measures concerned by these modifications are the following:

Submeasure 121.2 "Modernisation of agricultural holdings – high technology horticulture" – already described in point 4.1.2.

Measure 123 – "Processing and marketing of agricultural products" - already described in point 4.1.2.

Submeasure 214.1 - Organic Farming

- Update of the applicable Regulation 834/2007.
- Inclusion of "Shell fruit in irrigated land" with a support of EUR 205.15/ha. Payment calculation included, as the costs linked to the cultivation of shell fruit in irrigated land are not the same as those incurred in non-irrigated land

Submeasure 214.6 - Beekeeping

- Inclusion of an increase of the territorial implementation proposed for this submeasure: Natura 2000 network areas of Comunidad Valenciana

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

4.3.1. Reasons and implementation problems justifying the amendment

- 4.3.1.1. **Modifications in the national administration** – the name of the national Ministry of Agriculture has changed to *Ministerio de Medio Ambiente, Medio Rural y Marino*. This modification has been included all over the RDP text.
- 4.3.1.2. **References to the Spanish RD Framework** - Following Commission's recommendations, all sections of the RDP already reflected in the Spanish Framework or merely reproducing its text have been replaced by a simple reference to the Framework (to avoid duplicities and repetitions with respect to the Spanish Framework Program)
- 4.3.1.3. Inclusion of new **Members of the Monitoring Committee**, increasing its representativeness: Fruit and vegetables Entrepreneurs' association; a representative of the municipalities and provinces association; Forestry DG.
- 4.3.1.4. **Indicators update** – following the requests by DG AGRI for the improvement of indicators.

4.3.1.5. **Text clarifications & Regulation updates** – for instance, Regulation 834/2007 (Organic Farming); clarifying the compliance with the environmental regulation, especially environmental impact rules and Natura 2000 Network legislation; deleting references to the National legislation, for instance Law 19/95, and clarifying its contents which are relevant for the RDP. In measure 214.2 "Sustainable cultivation of rice in wetlands", improvement of the text (without any modification to the conditions nor premium, just a better wording).

4.3.1.6. **Update of the State Aid table** regarding measures not covered by Article 36 of the Treaty – following the entry into force of Regulation 800/2008.

Measure code	Name of the aid scheme	Scheme legislation	Duration of the aid scheme
115	Setting up of farm management, farm relief and farm advisory services	- Commission Regulation (EC) 1998/2006, on the application of articles 87 and 88 of the Treaty to <i>de minimis</i> aid	2007-2013
312	Creation and development of micro enterprises	- Commission Regulation (EC) 70/2004 800/2008, on the application of articles 87 and 88 of the Treaty to State aid to agricultural SME . Registry number XS 30/2008 X590/2009	Until 30 June 2008 2007-2013
313	Encouragement of tourism activities	- Commission Regulation (EC) 70/2004 800/2008, on the application of articles 87 and 88 of the Treaty to State aid to agricultural SME . Registry number XS 30/2008 X590/2009	Until 30 June 2008 2007-2013
322-323	Village renewal and conservation of the rural heritage	- Commission Regulation (EC) 70/2004 800/2008, on the application of articles 87 and 88 of the Treaty to State aid to agricultural SME . Registry number XS 30/2008 X590/2009	Until 30 June 2008 2007-2013
321	Basic services	- Commission Regulation (EC) 70/2004 800/2008, on the application of articles 87 and 88 of the Treaty to State aid to agricultural SME . Registry number XS 30/2008 X590/2009	Until 30 June 2008 2007-2013

4.3.1.7. Correction of minor **typing mistakes** – not relevant.

4.3.1.8. **Update** of the economic situation **analysis** in Chapter 3 of the RDP – including data from 2007 and 2008.

4.3.1.9. **Improvement of delimitation with structural funds and Fisheries' Fund** – the most relevant aspects are: Inclusion of a coordination Technical group to collaborate with the coordination committee of structural funds (that includes the authorities responsible for the ERDF, ESF, Fisheries and Agriculture and rural development). Participation in the Monitoring Committees of the other funds and inviting the other funds to participate in the RDP Monitoring Committees.

4.3.1.10. Improvement of **demarcation CMO Wine and CMO fruit & vegetables**

Measure	Demarcation
114 Use of advisory services	<p><u>Fruit and vegetables:</u></p> <p>Advisory services of members of a Producer Organisation with specific economic contribution of the members that benefit from the advisory services must be dealt within the CMO operational programmes.</p> <p>The RDP will only deal with advisory services of OP members that are not included in any Operational Programme or if the OP budget does not have any allocation.</p> <p>Cross-checks will be made to ensure this demarcation.</p>
121 Modernisation of agricultural holdings	<p><u>Fruit & Vegetables:</u></p> <p>The RDP will not support <u>collective investments</u> whose beneficiary is a Producers' Organisation or any other legal entity not registered in the Priority holdings Register.</p> <p>Investments of holdings from members of a Producers' Organisation (PO), promoted and financed with funds of the PO, for which there is a specific economic contribution of the members that benefit from the action, can only be financed within the framework of the operational funds of the PO.</p> <p><u>Individual investments</u> of farmers members of an OP that have been designed, decided, financed and implemented by the farmer him/herself, will be exclusively financed by the RDP.</p> <p><u>Wine:</u></p> <p>The RDP will not support any action related to restructuring and conversion of vineyards included in art 11 of Regulation 479/2008 and described under the Spanish Decree 244/2009.</p> <p>Investments according to article 15 of Regulation 479/2008 will not be financed by the Spanish Wine Programme before January 2011. Therefore, for both measures 121 and 123, the RDP will finance all operations until the 31 December 2010. After that date, the Managing Authority will decide which operations will be financed under the CMO / RDP.</p>
123 Adding value to agricultural & forestry products	<p><u>Fruit & Vegetables:</u></p> <p>The existing demarcation is:</p> <p>"Investment projects over EUR 600 000 will be co-financed by EAFRD except if the project represents less than 50% of the producers organisation budget (if it's more than 50%, it will be financed via the operating programs (CMO)).</p> <p>Investment projects under EUR 600 000, support will be given via the operating programs (CMO)."</p> <p>The following is added:</p> <p>"Individual investments in holdings of OP members included in the Priority Holdings' Register will be financed under measure 121 of the RDP and not by the CMO."</p> <p>Cross-checks will be made.</p>

	<p><u>Wine:</u></p> <p>Investments according to article 15 of Reg 479/2008 will not be financed by the Spanish Wine Programme before January 2011. Therefore, for both measures 121 and 123, the RDP will finance all operations until the 31 December 2010. After that date, the Managing Authority will decide which operations will be financed under the CMO / RDP.</p>
214 Agro-environmental	<p><u>Fruit & Vegetables:</u></p> <p>The agro environmental measures of this RDP can only be financed via the RDP. They can not be included in the Operational programmes of Comunidad Valenciana's Producers' Organisations.</p> <p><u>Wine:</u></p> <p>The actions foreseen in the RDP are not included in the Spanish wine programme (CMO).</p>

4.3.1.11. Inclusion of information on the **new challenges** and the **coherence** with the National Strategy Plan and the Community Strategic Guidelines in Chapter 4 of the RDP.

4.3.1.12. Inclusion of a new measure 431 "Running Costs, skill acquisition and animation" – this measure was exclusively covered by regional funding and, therefore, was not included in the RDP. According to the explanatory note accompanying the RDP modification proposal, the inclusion of this measure will be positive for the Local Action Groups (LAG). The Paying Authority will be responsible for processing the payments, which will accelerate the financial management of the LAG and the LAG will not have to request financial advances (that would imply bank guarantees) in order to finance their running costs.

RDP text:

New Measure 431 "Running Costs, skill acquisition and animation"

Legal basis: Article 63 c) of Regulation 1698/2005

Aims and targets: The objective is to facilitate the implementation of the Leader LAG, by financing their running costs, the training of rural agents and staff involved in the preparation and implementation of the strategy, skills acquisition and animation.

Target group/beneficiary: LAGs of Comunidad Valenciana and the regional network of these groups, as far as skills acquisition, training and animation are concerned. Running costs may not exceed 15% of the local development strategy, according to article 36 (c) of Regulation 1974/2006. An indicative amount equivalent to 15% of the measure total public expenditure will be used for skills acquisition and animation for the Leader axis

Total public expenditure: EUR 7.350.000

EAFRD: EUR 2 682 750 (co financing rate 36.5%)

Indicator: Number of actions supported = 8

4.3.1.13. Modification of the selection criteria in measures 112, 114, 115, 121.1, 123 and axis Leader.

Measure 112 – Young farmers

It is clarified that the first criterion is more important than the second and so on. Therefore, projects that fulfil the first criterion will have a priority on the approval process. The only modification to the criteria is the inclusion of holdings of the milk sector (in the first criterion).

Measure 114 – Use of advisory services

- It is clarified that the first criterion is more important than the second and so on. Therefore, projects that fulfil the first criterion will have a priority on the approval process.
- The priority to farmers receiving more than 15.000 € of direct payments has been deleted.
- A 5th priority criterion is included: "farmers having requested support related to climate change adaptation and mitigation, as well as improvement of water management".
- The last priority criterion is modified: "the remaining project applications will be classified according to the biggest dimension of the holding in terms of Annual Working Units" (it used to be in terms of Utilised Agricultural Area).

Measure 115 – Setting-up of advisory services

- It is clarified that the first criterion is more important than the second and so on. Therefore, projects that fulfil the first criterion will have a priority on the approval process.
- The first criterion concerns entities that offer a complete advisory service. It is now added "including other issues besides the compulsory ones".

Measure 121.1 – Modernisation of agricultural holdings

- It is clarified that the first criterion is more important than the second and so on. Therefore, projects that fulfil the first criterion will have a priority on the approval process.

Measure 123 - Processing and marketing of agricultural products

- the new text of the selection criteria is already described in point 4.1.2 of this working document.

Axis Leader – Implementation of the local development strategies

- the procedure for the selection of operations by the LAG is modified, in order to ensure the LAG's autonomy: the beneficiaries sent their applications for projects to the LAG. The LAG and the regional Ministry check if the eligibility conditions are fulfilled (compliance with Community and National regulations, compliance with the RDP text, compliance with the relevant state aid regime). The LAG applies the selection criteria and points to each project that fulfils the eligibility conditions linked to the compliance with its

local development strategy and selects the projects to be co-financed. The regional Ministry double checks the LAGs' decision and can only object to it in 2 situations: a) financial errors, such as if the LAG is exceeding the total amount available or the aid intensity; b) if support is being proposed to a project that does not fulfil the eligibility conditions. The LAG informs the beneficiaries of the final decision (support / refusal). The beneficiary sends the payment request to the LAG. The LAG checks it and sends it to the regional Ministry. The Regional Ministry double checks it and authorises the payment after the 5% annual on-the-spot control. The Paying Agency pays the beneficiary.

- The selection criteria for operations is deleted from the RDP text.

4.3.1.14. Modification in the texts of Measures 112, 114, 115, 121.1, 312 and 511.

Measure 112 – Young farmers

- Clarification of definitions of professional farmer, Priority holdings of physical persons and Associative priority holdings, according to the Spanish National Framework Programme.
- The premium per holding or interest rate subsidy is increased from EUR 30 000 to EUR 34 000, and if the premium is combined with an interest rate subsidy, the maximum amount is EUR 70 000. This modification aims to further facilitate the initial establishment of young farmers and the structural adjustment of their holdings after their initial setting up, and reflects the changes in the aid intensity threshold for measure 112 introduced by Reg. 74/2009
- The formula of the calculations of the interest rate subsidy is deleted, being replaced by a text.
- The possible premia increases (without exceeding the maximum limits) were decreased from EUR 2 000 to EUR 1 000, maintaining the same criteria.
- A third definition (c) of date of setting-up is added, after the existing 2 definition possibilities: a) registry as a farmer in the social security record; b) registry as a farmer on the fiscal record, if (a) has not been done; c) "the date the young person becomes owner or co-owner of the holding, when the holding fulfils the minimum conditions to be considered as priority holding."

Measure 114 – Use of advisory services

- Regulation update (Reg 73/2009)
- The frequency of advisory services has been modified, from once every three years to "there is a maximum of 2 advisory services per holding in the 2007-2013 period".
- Under the possible advisory services, inclusion of "climate change adaptation and mitigation, as well as improvement of water management".

Measure 115 – Setting-up of advisory services

- Besides the existing condition that "Support for technical and administrative staff will be granted in the first 5 years, and must be equal or less than 60% of the remuneration costs per year", it is added: "and the maximum support per year can not be higher than EUR 18 000 per worker".

Measure 121.1 – Modernisation of agricultural holdings

- Clarification of definitions of professional farmer, Priority holdings of physical persons and Associative priority holdings, according to the Spanish National Framework Programme.
- Under the objectives of the measure, inclusion of "climate change adaptation and mitigation, as well as improvement of water management".
- Inclusion of a paragraph on the main priorities defined in the Spanish National Framework Programme.
- The formula of the calculations of the interest rate subsidy is deleted, being replaced by a text.
- Under eligibilities, the following investments are included:
 - ❖ Works, facilities or equipment that allow for a better use of nitrogenised fertilizers and storing manure / slurry (in newly designated Nitrate Vulnerable Areas or where Action Plans were modified and the new conditions are more restrictive for farmers).
 - ❖ Improvement of the energy efficiency via the use of thermal isolation and/or material of a lower caloric transmission in facilities that require a regulation or a thermal level, as well as the installation of frequency converters in the irrigation-on-demand equipment;
 - ❖ Prevention facilities to face adverse phenomena such as fighting frost and / or windbreaks for open air plantations;
 - ❖ Production and / or use of bio energy when it is used in the holding;
 - ❖ Facilities that improve water management: technology equipments to save water, making irrigation more efficient.
- Under eligibilities, the following investments are deleted:
 - ❖ Increase of efficiency in the use of irrigation water or its quality
 - ❖ Increase of the energy efficiency or the use of renewable energies

Measure 312 – Support for business creation and development

The following is included:

Eligibilities:

- ❖ Expenditure of advisory services hired by a company with external contractors in order to carry out ex-ante analysis of an expansion or modernization process (the study is only paid if the linked investment is carried out).

Measure 511 – Technical Assistance

The following is included:

Eligible expenditure: information and promotion costs, management costs, software, technical assistance, costs originated from the financing of training, committees, seminars, meetings, etc.

4.3.1.15. Financial table modification per measure within each axis following the wish to adapt co-financing rate to all measures within each axis – as explained in point 3 of this Working Document.

4.3.1.16. Demarcation with art. 68

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

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

5. EXPECTED IMPACTS OF THE AMENDMENTS

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

The new challenges comply with economic and environmental issues identified in the National Strategy Plan and in RDP Comunidad Valenciana's strategy. The creation of submeasure 121.2 intends to reduce the greenhouse gas emissions and to contribute to adapt agriculture to the climate change.

Type of indicator	Indicator	Target 2007-2013
Output	Number of farm holdings supported	10
	Total volume of investment	EUR 25 Million
Result	Number of holdings introducing new products or techniques	10
	Increase of the Gross added value (EUR thousand)	1 000
Impact	Net additional value expressed in PPS (EUR thousand)	150
	Change in gross value added per full time equivalent per year (EUR thousand)	1.6

Additional indicators:

Type of indicator	Indicator	Target 2007-2013
	Consolidated jobs	300
	Total Jobs	
	Women	60%
	Young people	30%
Environmental	Young women	20%
	Thermal Kw recovered per year	10 000 000 Kw
	Tm of CO2 reduction captured	3 000 Tm

The reinforcement of measure 123 also intends to reduce the greenhouse gas emissions and will support the energy use of the by products of the agro food industry.

Type of indicator	Indicator	Target 2007-2013
Output	Number of holdings supported	350 (of which 300 SME)
	Total volume of investment	EUR 560 Million (instead of 540)
Result	Number of holdings introducing new products or techniques	35 (instead of 20)
	Increase of the Gross added value (EUR thousand)	10 000
Impact	Net additional value expressed in PPS	117
	Change in gross value added per full time equivalent	3%

Additional indicators:

Type of indicator	Indicator	Target 2007-2013
	Jobs created	1 600
	Jobs maintained	15 000
Environmental	Tm of dry material used per year	30 000 Tm

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

Following the reinforcement of the budget of measure 214, its indicators are updated, including:

Number of supported holdings (11 378); supported land (176 600 ha, of which 25 250 ha in less favoured areas and 58 600 ha in Natura 2000).

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

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

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

6. ASSESSMENT

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

7. FINANCING

7.1. Annual Contribution from the EAFRD (in EUR)

	2007	2008	2009	2010	2011	2012	2013
Non convergence region	0	30 828 937	30 774 660	31 426 948	25 442 839	25 298 878	25 097 407
Additional funds art 69 (5bis) of Reg (EC) No 1698/2005 – non convergence region	0	0	1 024 006	1 293 640	894 561	1 190 996	1 508 268
TOTAL EAFRD	0	30 828 937	31 798 666	32 720 588	26 337 400	26 489 874	26 605 675

	Total 2007-2013
Non convergence region	168 869 669
Additional funds art 69 (5bis) of Reg (EC) No 1698/2005 – non convergence region	5 911 471
TOTAL EAFRD	174 781 140

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

Non convergence region:

Axis	Public contribution (in EUR)		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	262 740 037	21.58%	56 699 300
Axis 2	165 762 883	53.69%	88 998 092
Axis 3	-	-	-
Axis 4	61 000 000	36.50%	22 265 000
Technical Assistance	2 076 624	43.69%	907 277
Total	491 579 544	34.35%	168 869 669

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

Axis	Public contribution (in EUR)		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	7 881 961	75	5 911 471
Axis 2	-	-	-
Axis 3	-	-	-
Axis 4	-	-	-
Technical Assistance	-	-	-
Total	7 881 961	75	5 911 471

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

Axis / Measure	EAFRD amount
Axis 1	5 911 471
- measure 121.2	2 900 221
- measure 123	3 011 250
Total Axis 2	-
Total Axis 3	-
Total Axis 4	-
Total programme	5 911 471