

**EXAMPLES OF GOOD PRACTICES. DEVELOPMENT OF  
THE RURAL MOUNTAIN COMMUNITIES IN ROMANIA  
THROUGH SPECIFIC INVESTMENT PROGRAMS**

*Гірське право Румунії передбачає сталий та інклюзивний розвиток гірської території. Під цим ми маємо на увазі процес, ініційований, керований і контрольований населенням гірської території за підтримки румунської держави, шляхом розвитку специфічної економічної діяльності, яка забезпечує збереження традицій, культурної ідентичності, захист культурної спадщини, збереження біорізноманіття та захист природи та ландшафтів з метою підвищення привабливості та якості життя в гірських зонах.*

*Розділ 9 Закону про гірські райони передбачає реалізацію Програми заохочення діяльності в гірській місцевості. На цю Програму виділяється 1 мільярд євро протягом 10 років – з моменту набрання законом чинності, з державного бюджету, через бюджет Міністерства сільського господарства та розвитку сільських територій. Програма заохочення діяльності в гірській місцевості є джерелом підтримки продуктивності в сільськогосподарському та несільськогосподарському секторах.*

*У цьому сенсі у 2022 році було розроблено три Інвестиційні програми, які можуть фінансуватися через схеми державної допомоги, що застосовуються із дотриманням законодавства Європейського Союзу про державну допомогу.*

*Ці Програми стосуються: створення гірських стаєнь, створення центрів збору та/або переробки молока в гірській місцевості, створення центрів збору або збору та переробки лісових плодів, грибів та/або лікарських й ароматичних рослин зі спонтанної та/або культивованої флори в гірській місцевості. Усе це сприятиме підвищенню рівня життя, виробництву якісної агропродовольчої продукції та зменшенню депопуляції гір.*

**Ключові слова:** *гірська зона, гірське право, інвестиційні програми, гірські стайні, центри збору/переробки молока, центри збору/переробки лісових плодів, грибів, ароматичних рослин.*

## **Introduction**

By means of Emergency Ordinance 120/2022, the following laws were amended, regarding the encouragement of activities in the mountain area: Law no. 296 of 2018 regarding the approval of the Investment Program for the establishment of milk collection and/or processing centers in the mountain area, Law no. 332/2018 regarding the approval of the Investment Program for the establishment of mountain sheep yards, Law no. 333/2018 regarding the approval of the Investment Program for the establishment of centers for the collection and primary processing of forest fruits, mushrooms and/or medicinal and aromatic plants from wild and/or cultured flora in the mountain area<sup>1</sup>.

The support package of the mountain area became operational through the adoption in the Government Meeting of October 12, 2022 of three Decisions establishing the values of the financing schemes for the year 2022, the eligibility conditions, the eligible expenses, the method of granting the financing, as well as the methods of verification and control within the following investment programs concerning the following:

- the establishment of mountain sheep yards
- establishment of milk collection and/or processing centers in the mountain area
- the establishment of collection centers or collection and processing of forest fruits, mushrooms and/or medicinal and aromatic plants from wild and/or cultured flora in the mountain area. The National Agency of the Mountain Area, subordinate to the Ministry of Agriculture and Rural Development, as the authority responsible for managing state aid schemes, will run the Investment Programs until the end of 2022, and the related payments will be made until December 29 2023.

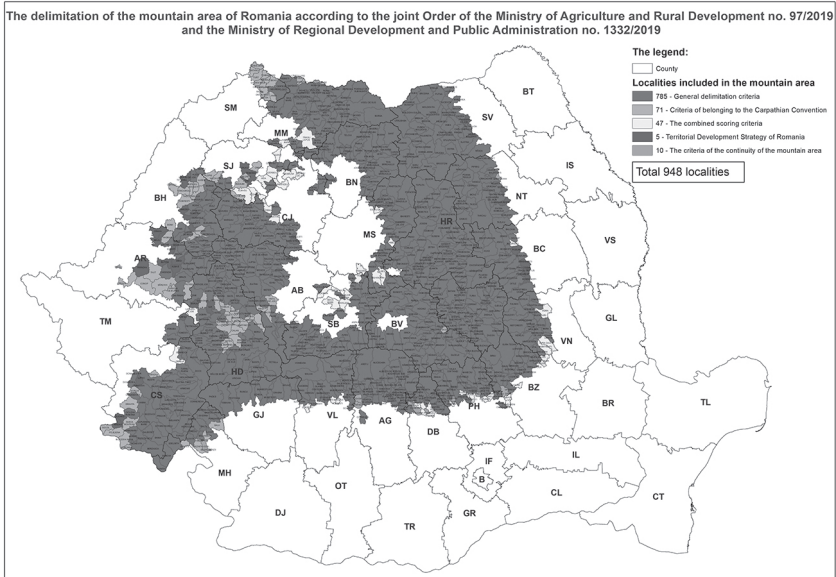
## **SUPPORT PROGRAMS FOR THE MOUNTAIN AREA**

The investment programs contribute to the development of the mountain area and the superior valorization of mountain products, limiting the decline of the primary production sector in order to ensure domestic consumption

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<sup>1</sup> Emergency Ordinance 120/2022

and maintain and create new jobs, with a special emphasis on stopping depopulation. The authority responsible for administering the Program is the Ministry of Agriculture and Rural Development through the National Agency of the Mountain Area<sup>2</sup>.



### The delimitation of the mountain area of Romania<sup>3</sup>

The 3 Support Programs that propose in the first stage the development of the mountain area, with funding from the state budget, are the following:

#### 1. The investment program for the establishment of mountain sheep yards<sup>4</sup>

The beneficiaries of the Program are animal breeders who operate in the mountain area and gain the investment financed by the Program in the mountain area.

<sup>2</sup> The Mountain Law no. 197/2018

<sup>3</sup> Joint Order no. 97/2019 & no. 1332/2019

<sup>4</sup> Government Decision no. 1239/12.10.2022

The budget allocated for 2022 is in the amount of 34,640,000 lei (7,024,374 euro).

At a maximum investment value of 300,000 lei (60,835 euro), the state aid intensity is 50%.

Beneficiaries of the Investment Program can be:

- authorized natural persons, individual enterprises and family enterprises;
- producer groups;
- agricultural cooperatives;
- legal entities;
- legal entities carrying out activities in agriculture and/or the food industry.

The applicants for state aid provided by the Program must cumulatively meet the following conditions:

- to be animal breeders;
- to carry out their activity in the mountain area;
- to access the investments for the establishment of mountain sheep yards a single time only during the entire duration of the Program;
- to not have received support through the National Rural Development Program 2014-2020, including during the transition period to the new Common Agricultural Policy, for the same eligible expenses related to the investments for the establishment of mountain sheep yards;

Eligible expenses related to investments for the establishment of the mountain sheep yard:

- a) Expenses for the realization of new constructions:
  - construction of the shelter for animals;
  - construction of the shelter for animal breeders;
  - construction of the milk processing space;
- b) The costs regarding the land purchased within the investment project are eligible up to a maximum of 10% of the total eligible costs related to the construction of the mountain sheep yard;
- c) Expenses for the purchase, including in financial leasing, of new machinery, installations, equipment and means of transport, specialized, within

the limit of the market value of the assets, intended for the mountain sheep yard, whose usefulness is justified in the financing request, such as:

- mechanical milking equipment;
- equipment for collecting and storing milk at controlled temperature;
- equipment for processing milk and obtaining milk derived products;
- temperature-controlled storage equipment for milk derived products;
- machinery, installations, equipment necessary for the activity of the mountain sheep yard, justified in the feasibility study;
- specialized means of transport, such as:
  - tankers;
  - autoisotherms with or without cold temperature;
  - vans, including four-wheel drive, with a maximum of 3 seats, which can transport containers for collecting milk or milk derived products.

d) The expenses related to the general costs of the project, such as the fees for issuing certificates and those related to obtaining the agreements, approvals and authorizations necessary for the implementation of the project, provided for in the national legislation, expenses for the preparation of the feasibility study, technical project, geotechnical study, topographical study, environmental study, construction project, architectural and consulting services, support services during the implementation of the project, within the maximum limit of 7% of the value of construction expenses and the purchase of machinery, installations, equipment and means of transport, as specified in points a) and b) above. These expenses are also eligible if they are made before the signing of the financing contract

e) Eligible expenses regarding the value of VAT: In the case of non-VAT applicants, based on the national legislation on VAT, eligible expenses are the VAT values related to the eligible expenses bearing VAT.

The total maximum eligible value of the project, for which is granted support through the Program, is a maximum of 300,000 lei (60,835 euro), of which 50% represents state aid and 50% represents the beneficiary's co-financing. The maximum amount of state aid granted for a Project will not exceed 150,000 lei (30,418 euro) and will be 50% of the total eligible value of the Project mentioned in the funding application.

## **2. The investment program for the establishment of milk collection and/or processing centers in the mountain area<sup>5</sup>**

The budget allocated to the financing scheme is 92,000,000 lei (18,655,960 euro).

The Program covers three types of investments:

1. Milk collection centers.
2. Milk processing centers
3. Milk collection and processing centers

The beneficiaries of the investment programs can be:

- self-employed persons, individual enterprises and family enterprises;
- producer groups;
- agricultural cooperatives;
- legal entities;
- legal entities carrying out activities in agriculture and/or food industry.

The beneficiaries of the Program are animal breeders who operate in the mountain area and gain the investment financed by the Program in the mountain area.

Applicants for state aid provided by the Program must cumulatively meet the following conditions:

- to be milk producers from the mountain area, as well as agricultural producers from the mountain area;
- to access the investments for the establishment of milk collection and/or processing centers in the mountain area only a single time during the entire duration of the Program;
- to carry out their activity in the mountain area;
- to not have received support through the National Rural Development Program 2014-2020, including during the transition period to the new Common Agricultural Policy, for the same eligible expenses related to similar investments.

Eligible expenses related to investments for the establishment of milk collection and/or processing centers in the mountain area:

1. Milk collection centers.

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<sup>5</sup> Government Decision no. 1238/12.10.2022

Milk collection centers are buildings where milk is only taken and stored in specific containers, in compliance with the sanitary-veterinary hygiene rules in force.

2. Milk processing centers

Milk processing centers are buildings where milk is processed, in compliance with the sanitary-veterinary hygiene rules in force.

3. Milk collection and processing centers

Milk collection and processing centers are buildings that integrate collection and processing components

Eligible expenses related to investments for the establishment of the milk collection and/or processing center:

a) Expenses for the construction of the milk collection and/or processing center;

b) The costs of the land purchased within the investment project are eligible up to a maximum of 10% of the total eligible costs related to the construction carried out by the Project;

c) Expenses for the purchase, including in financial leasing, of new machines, installations, equipment and means of transport, specialized, within the limit of the market value of the assets, whose usefulness is justified in the financing request, such as:

– equipment for collecting and storing milk at controlled temperature.

The cooling tanks must have a capacity of at least 1500 liters.;

– equipment for processing milk and obtaining milk derived products;

– temperature-controlled storage equipment for milk derived products;

– machinery, installations, equipment necessary for the activity of the milk collection and/or processing center, justified in the feasibility study;

– specialized means of transport, such as:

– tankers;

– autoisotherms with or without cold temperature;

– vans, including four-wheel drive, with a maximum of 3 seats, which can transport containers for collecting milk or products derived from milk.

d) The expenses related to the general costs of the project, such as the fees for the issuance of certificates and those related to obtaining the agreements, approvals and authorizations necessary for the implementa-

tion of the project, provided in the national legislation, expenses for the development of the feasibility study, technical project, geotechnical study, topographical study, environment, construction project, architectural and consulting services, support services during the implementation of the project, within the limit of a maximum of 7% of the value of construction expenses and the purchase of machinery, installations, equipment and means of transport, as specified in points a) and b) above. These expenses are also eligible if they are made before the signing of the financing contract

e) Eligible expenses regarding the value of VAT: In the case of non-VAT applicants, based on the national legislation on VAT, the VAT values related to the eligible expenses bearing VAT are eligible expenses.

The maximum eligible value of the project depending on the type of investment is the following:

1. For milk collection centers.

The maximum eligible amount allowed for milk collection centers is 500,000 lei (101,391 euro), of which 40% represents the state aid.

The 40% percentage can be increased by 20 percentage points for each of the situations provided for in letter i) - iii) provided that the combined maximum state aid does not exceed 90 percentage points of the value of eligible investment expenses for:

I. young farmers or farmers who settled in the five years prior to the date of submission of the aid application.

II. investments that are made in areas facing natural constraints, respectively in the territory of administrative-territorial units that meet the criteria established in the Joint Order of the Minister of Agriculture and Rural Development and of the Deputy Prime Minister, the Minister of Regional Development and Public Administration no. 97/1332/2019 regarding the approval of the inclusion criteria and the list of localities in the mountain area, administrative-territorial units mentioned in Annex no. 2 to the Order;

III. collective investments - investments made by producer groups or agricultural cooperatives.

1. For milk processing centers

Investments in the creation of milk processing centers aim at processing and keeping/storing in optimal conditions the products which result from milk processing;



The total maximum eligible value of the project, for which support is granted through the Program, is a maximum of 1,700,000 lei (344,730 euro), of which 50% represents state aid and 50% represents the beneficiary's co-financing.

2. For milk collection and processing centers

Investments in the creation of milk collection and processing centers aim at an integrated investment comprising both the collection component and the milk processing component;

The total maximum eligible value of the project, for which support is granted through the Program, is a maximum of 1,900,000 lei (385,286 euro), of which 50% represents state aid and 50% represents the beneficiary's co-financing.

**3. Investment program for the establishment of collection centers or collection and processing of forest fruits, mushrooms and/or medicinal and aromatic plants from wild and/or cultured flora in the mountain area<sup>6</sup>**

The budget allocated to the financing scheme is 93,000,000 lei (18,858,742 euro).

The beneficiaries of the investment programs can be:

- self-employed persons, individual enterprises and family enterprises;
- producer groups;
- agricultural cooperatives;
- legal entities;
- legal entities carrying out activities in agriculture and/or food industry.

Through the Program are taken into consideration two types of investments:

– Making investments in collection centers of forest fruits, mushrooms and/or medicinal and aromatic plants from wild and/or cultivated flora in the mountain area

– Making investments in collection and processing centers of forest fruits, mushrooms and/or medicinal and aromatic plants from wild and/or cultured flora in the mountain area

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<sup>6</sup> Government Decision no. 1240/12.10.2022

The beneficiaries of the Program includes producers of forest fruits, mushrooms, and/or medicinal plants, and also agricultural producers from the mountain area.

Applicants for the state aid provided by the Program must cumulatively meet the following conditions:

- to be agricultural producers from the mountain area;
- to carry out their activity in the mountain area;
- to access only once, during the entire duration of the Program, the investments for the establishment of collection centers or for the collection and processing of forest fruits, mushrooms and/or medicinal and aromatic plants from the wild and/or cultured flora in the area mountain;
- to not have received support through the National Rural Development Program 2014-2020, including during the transition period to the new Common Agricultural Policy, for the same eligible expenses related to investments for the establishment of collection centers or collection and processing of forest fruits, of mushrooms and/or medicinal and aromatic plants from the wild and/or cultured flora in the mountain area;

Eligible expenses related to investments for the establishment of centers for collection or collection and processing of forest fruits, mushrooms and/or medicinal and aromatic plants from wild and/or cultured flora in the mountain area:

- a) Expenses for the creation of new constructions:
  - the construction of collection centers or collection and processing of forest fruits, mushrooms and/or medicinal and aromatic plants from wild and/or cultured flora;
  - the construction of the space for the processing of forest fruits, mushrooms and/or medicinal and aromatic plants from wild and/or cultured flora;
- b) The expenses involving the land purchased within the investment project are eligible up to a maximum of 10% of the total eligible costs related to the construction of collection centers or the collection and processing of forest fruits, mushrooms and/or medicinal and aromatic plants from wild and/or cultivated flora
- c) Expenses for the purchase, including in financial leasing, of new machinery, installations, equipment and means of transport, specialized, within

the limit of the market value of the assets, intended for collection centers or collection and processing of forest fruits, mushrooms and /or medicinal and aromatic plants from wild and/or cultured flora, whose usefulness is justified in the funding application, such as:

- equipment for collecting, storing and processing forest fruits, mushrooms and/or medicinal and aromatic plants at a controlled temperature;
- temperature-controlled storage equipment for products;
- machinery, installations, equipment necessary for the suggested activity, justified in the feasibility study;
- specialized means of transport, such as:
- autoisotherms with or without cold temperatures;
- vans, including four-wheel drive, with a maximum of 3 seats, which can transport containers for collecting berries, mushrooms and/or medicinal and aromatic plants from the wild flora.

• The capacity of the means of transport purchased through the project will be justified in the feasibility study.

d) The expenses related to the general costs of the project, such as the fees for the issuance of certificates and those related to obtaining the agreements, approvals and authorizations necessary for the implementation of the project, provided in the national legislation, expenses for the development of the feasibility study, technical project, geo-technical study, topographical study, environment, construction project, architectural and consulting services, support services during the implementation of the project, within the limit of a maximum of 7% of the value of the construction expenses and the purchase of machinery, installations, equipment and means of transport, as specified above . These expenses are also eligible if they are made before the signing of the financing contract

e) Eligible expenses regarding the value of VAT: In the case of non-VAT applicants, based on the national legislation on VAT, eligible expenses are the VAT values related to the eligible expenses bearing VAT.

The maximum eligible value of the project depending on the type of investment is as follows:

1. Centers for the collection of forest fruits, mushrooms and/or medicinal and aromatic plants from wild and/or cultured flora

The total maximum eligible value of the project, allowed for the realization of investments in centers for the collection of forest fruits, mushrooms and/or medicinal and aromatic plants from wild and/or cultivated flora in the mountain area is 600,000 lei (121,669 euro), of which 40% represents the state aid, which can be increased by 20% for each of the situations provided below, provided that the maximum value of the combined state aid does not exceed 90% of the value of the investment's eligible expenses:

- young farmers or farmers who have settled in the five years prior to the date of submission of the aid application;
- investments made in areas facing natural constraints or other specific constraints, as established in art. 3, lit. a) from Law no. 333/2018 regarding the approval of the Investment Program for the establishment of collection centers or the collection and processing of forest fruits, mushrooms and/or medicinal and aromatic plants from wild and/or cultivated flora in the mountain area, with subsequent amendments and additions;
- collective investments - investments made by producer groups or agricultural cooperatives, as defined in art. 4, paragraph (2), lit. c) from Law no. 333/2018 regarding the approval of the Investment Program for the establishment of collection centers or the collection and processing of forest fruits, mushrooms and/or medicinal and aromatic plants from wild and/or cultivated flora in the mountain area, with subsequent amendments and additions.

The beneficiary's own contribution represents the difference, depending on the percentage of the state aid.

2. Centers for collecting and processing forest fruits, mushrooms and/or medicinal and aromatic plants from wild and/or cultured flora. The total maximum eligible value of the project, allowed to make investments in centers for the collection and processing of forest fruits, mushrooms and/or medicinal and aromatic plants from spontaneous and/or cultivated flora in the mountain area is 800,000 lei (162,226 euro), of which 50% represents state aid and 50% represents the beneficiary's own contribution.

## Conclusions

The three support programs for the mountain area aim to support farmers, for the economic and social development of this area. They address the farmers/entrepreneurs in the extended mountain area (948 localities)<sup>7</sup> and operate based on the state aid. Based on the Decisions of the European Commission with no. C(2020)3123, C(2020)3339, C(2020)3492, the laws approving the Investment Programs for the mountain area were amended and supplemented:

1. The investment program for the establishment of milk collection and/or processing centers in the mountain area, approved by Law no. 296/2018;

2. The investment program for the establishment of mountain sheep yards, approved by Law no. 332/2018;

3. The investment program for the establishment of centers for the collection and primary processing of forest fruits, mushrooms and/or medicinal and aromatic plants from wild and/or cultivated flora in the mountain area, approved by Law no. 333/2018

The changes imposed by the European Commission mainly concern the following:

– the intensity of the granted support – the reduction of the maximum intensity from 90% to 50% for investments aimed at processing, and the maximum intensity of 90% is possible only for the collection activity;

– only investments in the primary processing of agricultural products are allowed;

– definition of eligible beneficiaries;

– the final deadline by which financing contracts can be signed, 31.12.2022;

– the final deadline until which final payments can be made within the program, 29.12.2023;

– Government decisions related to state aid schemes must be adopted within 30 days from the date of approval of the GEO Project;

– the authority that grants the aid is the Ministry of Agriculture and Rural Development, and the authority responsible for managing the schemes is the National Agency of the Mountain Area.

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<sup>7</sup> Joint Order of the Ministry of Agriculture and Rural Development no. 97/2019 and the Ministry of Regional Development and Public Administration no. 1332/2019

The types of investments that can be made through the three Programs:

– Investments in the building milk collection centers for the collection and maintenance in optimal conditions of the quantities of milk collected from producers: the capacity of the milk cooling tanks is at least 1500 liters, and the maximum eligible value is 500,000 lei (101,391 euro);

– Investments in building milk processing centers, respectively for the processing and keeping/storage in optimal conditions of the products resulting from milk processing. The maximum eligible value - 1,700,000 lei (344,730 euro);

– Investments in the building of milk collection and processing centers, respectively integrated investment comprising both the collection component and the milk processing component. The maximum eligible amount - 1,900,000 lei (385,286 euro).

– Investments in the construction of mountain sheep yards in order to process milk and obtain products derived from it in a properly arranged space, shelters for animals and for animal breeders. The total maximum eligible value of the project is 300,000 lei (60,835 euro).

– Investments in the creation of centers for collecting forest fruits, mushrooms and/or medicinal and aromatic plants in the mountain area, respectively for collecting, sorting, washing, conditioning and storing in optimal conditions forest fruits, mushrooms and/or cultivated medicinal and aromatic plants, with a total maximum eligible value of the project of 600,000 lei (121,669 euro).

– Investments in the realization of centers for collecting and processing forest fruits, mushrooms and/or medicinal and aromatic plants from wild and/or cultured flora in the mountain area in operations for collection, sorting, washing, processing, conditioning and storing in optimal conditions forest fruits, mushrooms and/or medicinal and aromatic plants from wild and/or cultured flora, with the total maximum eligible value of the project of 800,000 lei (162,226 euro).

Dănuț UNGUREANU

## EXAMPLES OF GOOD PRACTICES. DEVELOPMENT OF THE RURAL MOUNTAIN COMMUNITIES IN ROMANIA THROUGH SPECIFIC INVESTMENT PROGRAMS

*The Romanian Mountain Law proposes the sustainable and inclusive development of the mountain area. By this, we mean an initiated process, led and controlled by the population of the mountain area with the support of the Romanian state, through the development of specific economic activities, which ensure the preservation of traditions, cultural identity, the protection of cultural heritage, the maintenance of biodiversity and the protection of nature and landscapes, in order to increase the attractiveness and quality of life in the mountain areas.*

*Chapter 9 of the Mountain Law provides the implementation of a Program to encourage activities in the mountain area. For this Program, 1 billion euros are allocated over a period of 10 years - from the entry into force of the law, from the state budget, through the budget of the Ministry of Agriculture and Rural Development. The program to encourage activities in the mountain area is a source of support for performance in the agricultural and non-agricultural sectors.*

*For this purpose, in 2022, a number of three Investment Programs have been developed, programs that can be financed through state aid schemes, which are applied in compliance with the European Union legislation regarding the state aid.*

*These Programs refer to: the establishment of mountain sheep yards, the establishment of centers for the collection and/or processing of milk in the mountain area, the establishment of collection centers or collection and processing of forest fruits, mushrooms and/or medicinal and aromatic plants from the wild flora and/or cultivated in the mountain area. All of these aim to contribute to increasing the standard of living, making quality agri-food products and reducing the depopulation of the mountains.*

**Key words:** Mountain Law, Investment programs, mountain sheep yards, milk collection/processing centers, forest fruit collection/processing centers, mushrooms, aromatic plants

### References

1. Emergency Ordinance 120/2022
2. Government Decision no. 1238/12.10.2022
3. Government Decision no. 1239/12.10.2022
4. Government Decision no. 1240/12.10.2022
5. <http://azm.gov.ro/>
6. Joint Order of the Ministry of Agriculture and Rural Development no. 97/2019 and the Ministry of Regional Development and Public Administration no. 1332/2019
7. Law no. 296 of 2018 regarding the approval of the Investment Program for the establishment of milk collection and/or processing centers in the mountain area
8. Law no. 332/2018 regarding the approval of the Investment Program for the establishment of mountain sheep yards
9. Law no. 333/2018 regarding the approval of the Investment Program for the establishment of centers for the collection and primary processing of forest fruits, mushrooms and/or medicinal and aromatic plants from wild and/or cultivated flora in the mountain area
10. Order of the Ministry of Agriculture and Rural Development no. 323 of October 20, 2022 regarding the approval of the Applicant's Guide for the Investment Program for the establishment of milk collection and/or processing centers in the mountain area
11. Order of the Ministry of Agriculture and Rural Development no. 324 of October 20, 2022 regarding the approval of the Applicant's Guide for the Investment Program for the establishment of centers for the collection or collection and processing of forest fruits, mushrooms and/or medicinal and aromatic plants from spontaneous and/or cultured flora in the mountain area;
12. Order of the Ministry of Agriculture and Rural Development no. 325 of October 20, 2022 regarding the approval of the Applicant's Guide for the Investment Program for the establishment of mountain herds.
13. The Mountain Law no. 197/2018