

## Measure 6 – Farm & Business Development

### Measure 6.1 –Business start-up aid for young farmers

#### Background

In a situation of difficult economic and financial circumstances for prospective young farmers to set up in the agricultural sector and a rather restricted access to capital for many European rural enterprises, support for the creation and development of new viable Agricultural activities is essential.

Aging of agricultural farm holders is another issue that needs a policy response ensuring the future of the farmers' profession. Young farmers can bring new skills and energy, new and modern professional management to the farming sector, and can be a smooth provider of innovative management tools and investments in agriculture.

This call targets young farmers focusing on agricultural activity.

#### Type of Support

Grants shall be provided as support under this sub-measure.

#### Eligible Applicants

Article 2.1(n) of Regulation (EU) No 1305/2013 defines eligible applicants for support under this measure as person who is no more than 40 years of age at the moment of submitting the application, possessing adequate occupational skills and competence and is setting up for the first time in an agricultural holding as head of that holding.

Applications may be received for:

- Young farmer who is setting up as a sole head of the holding and will be recognized as 'active farmers' within 18 months from the date of setting up.
- In case the applicant forms part of a family unit, and the spouse of the applicant:
  - o Has benefitted from Measure 4.1 or similar;
  - o Has benefitted from Measure 6.1 or similar;
  - o Is considered a head of holding;

and contributing towards the Community of Acquests of the family unit (by virtue of marriage or civil union) the applicant will be considered ineligible.

In this case, the beneficiary should comply with the definition of young farmer set out in Article 2.1(n) of Regulation (EU) No 1305/2013.

- Young farmer is setting up with other young farmer(s) to operate a common agricultural holding;
  - All beneficiaries individually fulfil the conditions to be recognised as a young farmer;
  - All beneficiaries individually respect the thresholds defined in these guidelines allowing agricultural holding to have access to support
  - In the case of two applicants forming part of the same family unit (spouses), and both contributing towards the Community of Acquests of the family unit (by virtue of marriage or

civil union), they are to be considered as one applicant under this application and hence support will be capped at the value of one applicant. One of the two applicants will be identified as the project leader.

- Young farmer(s) is setting up with non-young farmer(s) to operate a common agricultural holding.

The practice shows that sometimes young farmer(s) operate on a holding together with non-young farmer(s). In this case, certain rules shall be respected, in particular:

- The thresholds defined in these guidelines allowing an agricultural holding to have access to support shall be individually respected by the beneficiary(ies);

### **Important Conditions for the granting of aid to Young Farmers regarding effective control by the Young Farmer**

- a) Where the application for support concerns a holding owned by a legal person, a young farmer within the meaning of Article 2(1)(n) of Regulation (EU) No 1305/2013 shall exercise effective and long-term control over the legal person in terms of decisions related to management, benefits and financial risks.
- b) Where several natural persons, including person(s) who are not young farmer(s), participate in the capital or management of the legal person, the young farmer shall be capable of exercising such effective and long-term control solely
- c) Where a legal person is solely controlled by another legal person, requirements laid down in point 1 above shall apply to any natural person having control over that other legal person.
- d) As per Article 19(4) of Regulation (EU) 1305/2013, support is limited to small and micro enterprises.
- e) In line with the scope of this measure, it is being clarified that any natural or legal person who has already benefitted under Measure 4.1 and/or 6.4 under the current Programme, are not eligible to benefit from Measure 6.1. Likewise, anyone who has benefitted under investment measures targeting agricultural holdings under previous CAP Programming Periods are not eligible under this call. On the other hand, beneficiaries who have successfully benefitted from Measure 6.1 are encouraged to apply under Measure 4.1 and other applicable measures.
- f) In the case of two spouses who do not have the Separation of Estates in place, proposing a transfer/sharing of Agricultural Holding from one spouse to the other, their request will be considered ineligible, irrespective of when the holding was acquired.

### **Eligible Expenditure**

Implementation of the Business Plan is considered to be eligible for support if it has been implemented after an application has been submitted to the Managing Authority and an acknowledgment is issued by the Managing Authority, in line with Art 60 (2) Reg (EU) 1305/2013.

The acquisition, including through leasing or improvement of immovable property, including the acquisition of land are only eligible to an extent not exceeding 10% of the total Business Plan expenditure.

General costs such as architects, engineers, project management costs and consultation fees, feasibility studies, the acquisition of patent rights and licences up to a maximum 15% of the total Business Plan expenditure.

Where applicable, any investments made through support under this measure shall be made to be aimed primarily on the agricultural holding which is being transferred to the applicant (young farmer).

Support may be granted to young farmers setting up for the first time in an agricultural holding as head of the holding in respect of investments to comply with Union standards applying to agricultural production, including occupational safety. Such support may be provided for a maximum of **18 months** from the date of setting up.

### **Ineligible Expenditure**

The following are ineligible for support under M6.1 – ‘Business start-up aid for young farmers’:

- Only on-farm vehicles are eligible for support. Vehicles for off-farm use are ineligible for support.
- Second-hand machinery and/or equipment;
- Canopies, excluding canopies for livestock housing;
- Purchase of Livestock;
- Investments in structures of which the primary purpose is for the marketing/sale of produce.

### **Specific Provision**

In line with the definition of a Young Farmer for which applicants need to satisfy, it is imperative that the applicant/s are applying for this measure to assist them in becoming the head of an agricultural holding for the first time.

In the case of natural persons, a young farmer must possess **at least one but not all** of the following:

- A holding/farm;
- A VAT number;
- Be recognised as a full-time or part-time farmer by JobsPlus;
- Necessary licences/permits (with respect to livestock farms).

Therefore, in order for a young farmer to be considered as “actively preparing” they must provide evidence that the process has been initiated by presenting the application/request of one or more of the requirements listed above. The end date of this process will be when the young farmer has all the actual documents at hand.

Where the applicant does not require the necessary licences and/or permits s/he must possess at least one but not all of the following:

- A holding/farm;
- A VAT no;
- Be recognised as a full-time or part-time farmer by JobsPlus

The minimum threshold for allowing agricultural holdings access to support under sub-measure 6.1 is of a minimum of €5,000 Standard Output/holding, while the maximum threshold is €250,000 Standard Output/holding for all sectors.

**Aid Intensity**

The grant support provided under this measure is set at a maximum of €70,000. 80% is payable to beneficiary upon signing of grant agreement while 20% is payable upon completion of the business plan by no later than a maximum 18 months after receipt of the funding decision.