ASPECTS OF SETTING UP OF A DAIRY FAMILY FARMS IN TIRNOVA LOCALITY, CARAS-SEVERIN COUNTY BY 112 MEASURE

ASPECTE PRIVIND INFINTAREA UNEI FERME FAMILIALE DE VACI DE LAPTE IN LOCALITATEA TARNOVA, JUDETUL CARAS-SEVERIN PRIN MASURA 112

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Abstract: *In this paper we present a study regardind setting up a family dairy farm in Tirnova locality, Caras-Severin County through grant structural funds, 112 measure, for young farmers. The total value of investment rise on amounts of 58444 € from witch 51944 € eligible expenses and 6500 € .ineligible expenses.*

Key words: *112 measure, family farm, risk*

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INTRODUCTION

112 Measure" Setting up of young farmers "fall into Axis I"Increasing the competitiveness of agriculture and forestry "and has as objectives

A. Improve and increase the competitiveness of agriculture by promoting the setting up of young farmers and supporting the modernization precess according with the requirements for environmental protection, hygiene and animal welfare, safety at work;

B. Improving the agricultural holdings management by renewing their heads generation, without increasing the working population employed in agriculture;

C. Increased income holdings managed by young farmers;
D. Increasing the number of young farmers witch starts for the first time an agricultural activity as heads of farms and encourage young farmers to invest.

MATERIAL AND METHOD

To achieve this work was used important informations on grants structural funds through 112 Measure, how to develop a project for this purpose, how to implement the project and categories of risks that may affect project implementation

RESULTS AND DISCUSSIONS

Eligible applicants:
For grant financial support granted by 112 Measure are farmers aged up to 40 years (unfulfilled to date of application for funding), natural or legal persons engaged in agricultural activities and whose main agricultural holding: has an economic dimension between 6 and 40 ESU (economic size unit (ESU), ESU is unity expressing economic size of agricultural holdings determined on standard gross margin of the holding (Commission Decision. 85/377/EEC). Value of an economic unit is 1.200 Euro.); is located in the country, has been registered in the Register of Farms and in the Register of Agriculture.

THEMATIC AREA:

- Operational Programme *Rural Development National Programme*
- Priority Axis I *Improving the competitiveness of agriculture and forestry*
- Area of intervention 1.1 *Measures to improve knowledge and improving human potential*
- Operation 1.1.1. Setting up young farmers.

LOCATION OF PROJECT:

- West area
- Caras-Severin County
- Tirnova locality

PROJECT DESCRIPTION:

- Aimed Setting up of a dairy farm in Tarnov locality, Caras-Severin County in order to provide fresh milk consumption for Resita population
- Objective Construction of a shelter with a surface of .... for 15 cows.

PROJECT JUSTIFICATION

Tirnova locality is located in the south-west of the common Romtniei. Currently in common is a population of 1870 people, 559 households and an surface 4883 ha inside terrain of land. Agriculture (primary sector) deals with predilection an important percent comparative with other economic activities in the commune, totalising an area of 3338 ha agricultural area of which 20.73% arable land and 79.27% pastures and hayfields.

Agricultural holdings structure

After ownership agricultural lanings have the following structure:

- in private field - 97 %;
- state ownership - 3 %.

After size approx. 560 agricultural properties have an area between 0.5 to 10 ha.

On these surfaces are cultivated today:

- Crops - corn - 116 ha;
- Vegetables - potatoes - 43 ha, other vegetables - 21 ha;
- Fruit trees - apple trees - 2351 trees, pear trees - 1565 trees, cherry trees - 4526 trees, plum trees - 15,751 trees, peach - 375 trees.

Structure of livestock production

On the commune area people dealing with livestock. Production is provided mostly for own consumption and the rest is sold at markets in nearby towns and boroughs.

On the commune area are recorded:

- Dairy - 666 head;
- Sheep ewe - 2044 head;
- Hens - 3625 ends
- Sheep ewe 2044

Sectorial Operational Programme selected

- Project activities:

- PROJECT MANAGEMENT ACTIVITY involves a team formed by a project manager, a technical manager, a financial responsible, procurement and project responsible, and an responsible for advertising and promotion.
- Procurement activities

- ACTIVITATEA DE ACHIZIȚII Table 1

Name	Quantity	Price/pc	Total price
cows milk	15	500€	7500€
Milker aparature Milkkar	1	750	750
drinkers	8	20	160
Storage tanks for milk capting	1	2000	2000
Belarus tractor	1	1950	1950
Reel mowers	1	1000	1000
Rake type sun	1	1	584

Direct beneficiaries: SC. ALFALACT S.R.L people involved in project making, processors of agricultural products because they benefit of aw material for making products from the area, district sanitar-veterinary in the area because they are required some sanitar-veterinary actions which they will perform in excange of an fee (tuberculin animals twice a year spring and autumn, before the tuberculin they will make compulsory disinfection, tagging new products obtained by birth) and some afections that may occur.
Indirect beneficiaries: equipment suppliers, construction companies that will make the required building and annexes, advertising firm that will conduct the necessary sphere of advertising materials to promote the project, consumers of food and in the area.

Implementation methodology (managerial and technical aspect)

Management by projects is a common method of management with a limited duration of action designed to solve complex problems, but precisely defined, with a strong innovation, involving the contribution of a wide range of specialists from different organizational subdivisions and temporal integration in an autonomous organizational network.

A project is defined as a composite objective with strong innovative character, usually made once a year or in small series, often for a single

client, involving experts from various functions of the company and witch must be done on a precise date.

Management by objectives: it can be defined as a process in which top managers and their subordinates define the key area of each individual's responsabilities, specify the expected results and use measures undertaken only as a guide for operative units, setting the contribution of each compartment and their members.

Management through budgets is a common method of general management based on a specific model of planning, organizing, decision and control of activities in witch the objectves are mainly financial, have as measurement unit money one, and as a form of expression the accounting.

The budget in management is a plan for a certain period; witch is expressed in units and in financial terms and provides the share of all resources that are designed to achieve a goal d to end and for accountability within the company. Budget must ensure interaction of four types of factors: objectives, periods, resources, responsibilities.

From all these methods we have chosen the project management method because: presents the best conditions for solution the specific problems witch can not be achieved equally well by other management methods, throughout the project can make corrections regards the deadlines and terms and also custom the managers to be more daring, but also more responsible.

Risk:

- Technical or technological risk, supply risk, economic risk, natural risk, financial risk

- Technical or technological risk:

This type of risk occurs in the implementation stage of scientific projects. Technical risk is greater as as the degree of novelty of a project is higher in this category are the following risks: the risk of not obtaining annual milk production planned, risks of not framing in specific consumptions, risk of work accidents, invisible technology risk (toxic chemical). To mitigate this risk must use modern equipment, rigorous organization of activities.

Supply risk is assessed according to suppliers, the concentration of suppliers, share of each supplier in total supply, dependence degree on suppliers to this risk is better to avoid dependence on one supplier.

Economic risk:

Economic risks. These are determined by contextual developments of the company and the quality level of economic activities undertaken in his frame. In the economic risks we have actual economic risk, financial risk and commercial risk.

Actual economic risks are reflected on all decisions developed. The most common risks in this category are:

• risk of inflation rising after accession to EU, following the trend on the Romanian market prices to match those of the common market. Repercussion of this price increase could be lower purchasing power of Romanians and thus decrease the sale of food in the upper range.

• risk of fueling the interest rate on loans;

• risk of exchange rate change. Through appreciation of national currency against the reference currencies Romanian products will become more expensive on external markets and imported goods will become more cheaply and competitive than domestic ones.

• risk of economic exploitation on the compliance with the break-even employment. This risk can have multiple causes' starting with loss of market share in the face of fierce competition from EU producers and up to changing consumer behavior of buyers

• investment risk. In farmers case this risk may be an erroneous view of development opportunities due to misunderstanding of economic reality.

Financial risks. They are related to obtaining and using boround and own leverages, and most common are:

• risk of remaining without cash, reflecting the variability of financial performance indicators, subject to the financial structure of the enterprise;

• risk of profitable failure, the effect of bankruptcy and the high expenses;

• risk of indebtedness;

• credit risk can arise from transactions that the company runs with different business partners, who may become unable or less able to meet its contractual obligations.

Financial risks are generally a consequence of other economic risks, such as staying goods in stock or making large investments are not amortized.

Natural hazards. Natural factors not directly affect the food industry, but after the damage they produce various extreme events such as prolonged drought, floods, hail, extreme temperatures on the main supply source witch

is agricultural production, there is a negative events downstream propagation over the channel distribution of agricultural products. Registration of a lower agricultural production than the anticipated can have as effect a decrease in revenues from food industry, even if prices are increased. In Romania, natural risks are very high, due to succession flood periods.

PROJECT SUSTAINABILITY: from financial point of view necessary incomes for exploitation will come from milk production sale, young fattening for meat, from sale of young breeding female and selling reforms. Institutional point of view, being a family farm, employees will participate in courses organized by specialized higher education institutions to prepare farmers.

COMPLIANCE WITH EU POLICIES AND NATIONAL LEGISLATION:
a) **The "polluter pays" principle** requires that the polluter must pay expenses to achieve pollution prevention or pay for damage caused by pollution. Originally recommended by the Organization for Economic Cooperation and Development (OECD) in May 1972, the polluter pays principle has gnown a growt international acceptance as a principle for environmental protection. The principle was explicitly adopted into the Rio Declaration: sustainable development is development that aims to meet present needs without compromising the ability of future generations to meet their own needs ".
b) **Sustainable development** follows and tries to find a stable theoretical framework for decisions in any situation where such a report is found man/environment, be it environmental, economic or social.
c) **Equality of chances** is based on ensuring the full participation of persons in each economic and social life irrespective of origin, ethnicity, sex, religion, age, disability or sexual orientation.

PROJECT BUDGET: (euro) Table 2

Nr. crt	**Name of chapters and subchapters**	**Eligible Expenses +VAT**	**Ineligible Expenses+VAT**

1	2	3	4
	CHAPTER 1		
1	**Expenditures for land acquisition and land improvement**		
1.1	Acquisition (expropriation) of land		
1.2	Land improvement		
1.3	Environmental Planning	2480	
	TOTAL CHAPTER 1	**2480**	
2	**CHAPTER 2**		
	Expenses for utilities ensurance necessary for the objective		
2.1	Water supply, sewerage, gas, heat, electricity, telecommunications	3720	
2.2	Expenses associated with the connection to utility networks	***1240***	
	TOTAL CHAPTER 2	**5140**	
3	**CHAPTER 3**		
	Expenses for design and technical assistance		
3.1	Field studies (geotechnical, geological, hydrological, hidrogeotehnice, photogrammetric, topographic and land stability)	3100	
3.2	Expenditures for permits, agreements, building permits	1240	
3.3	Design and engineering	2480	
3.4	Advice	1240	
3.5	Techniqal assistance	1240	
	TOTAL CHAPTER 3	**9300**	
4	**CHAPTER 4**		
	Investment expenses		
4.1	Construction and installation	18600	
4.2	Functional specific machinery and equipment	6444	
4.3	Specialized equipment	7500	

	TOTAL CHAPTER 4	**32544**	
5	**CHAPTER 5**		
	Other expenses		
5.1	Site organization		2500
5.1.1	*5.1.1. Construction and installation for the organization of site*		1800
5.1.2	*5.1.2. Expenses related to organizing site*		1200
5.2	Commissions, legal fees and rates		500
5.3	Different and unforeseen costs		500
	TOTAL CHAPTER 5		6500
6	**CHAPTER 6**		
	Expenses incurred during project implementation		
6.1	Information and publicity expenses		1240
6.2	Audit expenses		1240
	TOTAL CHAPTER 6		2480
I	**TOTAL expenses**		58444
II	**Other ineligible expenses**		
III	**GENERAL TOTAL (I+II)**		58444

SOURCES OF FUNDING:

NR.	**SOURCES OF FUNDING:**	**VALUE (euro)**
I	**The total project value, including:**	58444
a.	The ineligible project value	0
b.	The eligible project value	51944
c.	VAT	

I I	**Own contribution intto the project, including:**	**0**
a.	Applicant contribution to eligible costs	**0**
b	Applicant contribution to ineligible costs	**0**
c	Self-financing project	**0**
	VAT	**?**
IV	Grant financial assistance requested	**58444**

CONCLUSIONS

Accessing EU funds is destinated to young farmers until 40 years older and whose economic dimension of agricultural exploitation ranges between 4-10 ESU.

Installation support of young farmers is 10000 €, but can not exceed 40,000 euros.

Total investment value rise to 58444 from witch the eligible expenses 51944 € and .6500 € ineligible expenses.

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