

<b>Part IV- Technical Measure Fiches</b>
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**Priority Axis 1****Measure 101 Investments in agricultural holdings to restructure and to upgrade to Community standards**

This measure is applied in accordance with:

- Article 12 (2) of Framework Regulation – Council Regulation (EC) No 1085/2006 [Establishing an instrument for pre-accession assistance (IPA)]
- Article 174 of Regulation (EC) No: 718/2007 of 12 June 2007 [Implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)]

**1.1 Rationale**

Investment in agricultural holdings is a crucial measure to improve the agricultural sector in the country by helping farmers to reach acceptable standards of living and working conditions, improving the quality of production as well as farming profitability. These factors will, in turn, contribute to greater than before security of the agricultural profession and will encourage the young people to accept the farming as way of living.

The measure has, as a general objective, the support of tangible or intangible investments in agricultural holdings to upgrade them to Community standards and to improve their overall performance. The measure focuses on the improvement of the competitiveness of the agriculture sector through increase of the quality of production by using modern production means and technological improvement of production processes in compliance with the Community standards related to animal welfare, animal and plant health and environmental standards.

Concerning the plant sector, the investments broadly cover rejuvenation of vineyards and orchards to improve their age and variety structure, reconstruction of greenhouses (greenhouses and glasshouses) for vegetable production, and modernisation of the cultivation equipment and machinery used on-farm in the vegetation period of the concerned plant crops in order to improve the on-farm efficiency.

Reconstruction of buildings for livestock breeding (for milking or for fattening) is envisaged to upgrade the livestock production units in accordance to the animal welfare standards and waste management practices including the reconstruction of auxiliary buildings (i.e. barns for feed storage) as part of the overall investment. Modernisation of the equipment on the dairy production units to improve milking practises and milk hygiene is also supported under this measure.

An agricultural holding is the economic unit under a single management (one person or more, without regard to title, legal form, size or location) engaged in agricultural production activities comprising all livestock kept and all land used wholly or partly for agricultural purposes. A production unit is a component of

an agricultural holding (vine-producer, livestock or milk production unit etc.) and registered according to national legislation.

The investments linked to the animal breeding for meat production are targeted towards compliance to the animal welfare standards and manure handling and use, therefore contributing to the implementation of the aims set out in the Nitrates directive 91/676/EEC, partially approximated in the new Law on Water (OG 87/2008).

The eligibility criteria set for the purpose of this measure are based on available data sources and estimations made by MAFWE in accordance with the consultations of the relevant education and research institutions and stakeholders.

## **1.2 Correlation with other measures**

Within the IPARD Programme, this measure complements the implementation of the measure "Investments in the processing and marketing of agriculture and fishery products to restructure those activities and to upgrade them to Community standards" and measure under Priority axis 3 "Diversification of the economic activities in the rural areas".

The Measure 101 also complements to the national support scheme both through the Programme for Agriculture Support and the Programme for Rural Development, as well as corresponding linkage to other donor support and IFI's.

Related national policies, donor and IFI's activities are described in full in Part II.

Investments under this measure cannot be supported by any other IPA components or Community assistance or any foreign donor grant scheme. The applicant must provide a statement by own responsibility declaring that he/she is not supported for this investment project under any other IPA programs, or Community assistance or any foreign donor grant scheme or IFI's.

The IPARD Agency will ensure that all beneficiaries are checked whether they receive funds from other IPA programs, or Community assistance or any foreign donor grant scheme or IFI's that are proposed for financing under IPARD Programme. The IPARD Agency will not accept applications for projects that are financed from any other IPA programs, or Community assistance or any foreign donor grant scheme or IFI's . The IPARD Agency is obliged to check whether the project received is financed from other sources (any other IPA programs, or Community assistance or any foreign donor grant scheme or IFI's ) at two stages:

- 1) prior to approval of project;
- 2) prior of approval of payment.

The IPARD Agency will assure that future double financing is avoided by stamping the received invoices for investment with clear "IPARD" stamp by an authorised official before being the subject of a payment from the IPARD Agency.

### **1.3 Objectives**

#### **1.3.1. General objectives**

The general objective of this measure is to upgrade the agriculture holdings to the Community Standards as regards environmental protection, public health (food safety and quality), animal and plant health, animal welfare and occupational safety and to contribute to the preparation of the country for its accession to the EU.

In addition this measure complements towards the National Strategy for Agriculture and Rural Development Objectives:

- Facilitate the competition in the internal market whilst opening new market opportunities for agricultural products
- Improve the overall performance of the agriculture holdings in the production of primary agricultural products.
- Increase of the competitiveness of the farmers by the use of efficient modern technologies thus reducing the production costs;
- Promote environmentally friendly farming practises by promoting reduction of water losses, decreasing the pollution of the environment through agricultural production, and/or elimination of by- products or of wastes;
- Support the farm income and living standard of farmers by promoting better quality and efficient resource use;
- Attract young people in the agriculture activities by improving their life and working conditions, as well as to ensure the hygiene and welfare conditions of the livestock.

#### **1.3.2. Specific objectives**

- To promote focused investments in the animal breeding and in the plant sector at the farm level, for the improvement of farm buildings (for livestock breeding and for plant sectors), investment in new machines and equipment, upgrade to water-efficient irrigation schemes and renewing and improvement of fruit and vineyard plantations.

### **1.4 Priority sectors and the type of eligible investments**

In accordance to the Government Decision from 25<sup>th</sup> of July, 2006, the targeted priority agriculture sectors to be supported under the Priority Axis 1 measures are wine and grapes; fruits and vegetables; milk and dairy; and meat and meat products.

The investments per priority sectors broadly cover costs for replanting the areas covered with perennials (vineyards and orchards), construction and reconstruction of farm buildings and installations for farm buildings as well as auxiliary buildings, purchase of equipment for farm buildings, improvement of on-farm irrigation systems and specialised agricultural machinery as well as on-farm manure handling to upgrade the agriculture holding to meet EU environmental requirements.

**The eligible projects shall refer to:**

- Plant production in the priority sectors Vineyards, Orchards and Vegetable production;
- Dairy livestock (cattle, sheep and goats), pig and poultry breeding in the priority sectors production of raw milk and fattening of animals for meat production.

**Through:**

1. Group of investments regards agricultural holding as a whole to support the development of viable plant production and livestock breeding farms according to the Community standards and for which the prospect of economic viability at the end of the realisation of the investment can be demonstrated,
2. Group of investments aimed to support the modernisation of particular farm operations in accordance with the Community standards to sustain the development of viable plant production and animal breeding farms and for which the prospect of economic viability at the end of the realisation of the investment can be demonstrated,

**Description of Group of Investments per priority sector:***1011 Group of investments for Vineyards*

**10111 Reconstruction of vineyards:** Investments in rehabilitation of vineyard plantations (re-conversion, replacement of the ageing vine and of hybrids only by recommended varieties) on existing surfaces, through procurement of planting material (excluding the hybrids), as well as the works carried out by third persons for upturning soil preparation, preparing the land, planting and replanting, with the exception of soil fertilizing; including upgrade of the irrigation system for efficient water use, procurement of specialised farm equipment for crop protection for spraying (including crop sprayers for all-terrain vehicles, atomisers and dusters (man-portable and self-propelled units)); spreading equipment for fertilizers (including manure and slurry spreading equipment), and equipment for crop cultivation during vegetation period (pruning, mulchers, mowers and weeders) , aimed at reduction of environmental damages, as well as setting up of hail protection nets thus improving the technology level and quality of production required to take the production activities into conformity with the Community requirements;

*1012 Group of investments for Orchards*

**10121 Reconstruction of orchards:** Investments in rehabilitation of the orchard plantations (including table grapes vineyards) on existing surfaces through the procurement of planting material, as well as works carried out by third persons for upturning soil preparation, planting and replanting with the exception of soil fertilizing; including upgrade of the irrigation system for efficient water use, procurement of specialised farm equipment for crop protection for spraying (including crop sprayers for all-terrain vehicles, atomisers and dusters (man-portable and self-propelled units)); spreading equipment for fertilizers (including manure and slurry spreading equipment),

and equipment for crop cultivation during vegetation period (pruning, mulchers, mowers and weeders), aimed at reduction of environmental damages, as well as setting up of hail protection nets thus improving the technology level and quality of production required to take the production activities into conformity with the Community requirements;

<p><i>1013 Group of investments for Vegetable production</i></p>
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**10131 Construction and reconstruction of fixed greenhouses (excluding plastic tunnels):** Investment in reconstruction and modernisation of the greenhouses including replacement of the existing plastic tunnels made of light metal constructions covered with rigid plastic panels and film plastic (reinforced polyethylene, *Fiberglas Reinforced Plastic* (FRP), polycarbonate, acrylic or other coverage with life span of minimum 5 years, as well as setting up of hail and snow protection covers), with own heating installations and irrigation equipment, including ensuring of utilities – water and electric power supply, drainage of water, sewage, and waste water treatment - with respect of environmental protection and energy saving practices; including farm equipment for crop protection for spraying (including crop sprayers for all-terrain vehicles, atomisers and dusters (man-portable and self-propelled units)); spreading equipment for fertilizers (including manure and slurry spreading equipment), and equipment for crop cultivation during vegetation period (mulchers, mowers and weeders), aimed at reduction of environmental damages, as well as setting up of hail protection nets thus improving the technology level and quality of production required to take the production activities into conformity with the Community requirements;

**10132 Construction and reconstruction of existing glasshouses:** Investments in construction and reconstruction of existing glasshouses made of metal pipe, trass or and/or wood frame and glass panels, as well as hail and snow protection cover, including facilities for nurseries for vegetable, soil-less cultivation, fuel storehouses, shelters for equipments, with heating and micro-climate installations and irrigation equipment, including ensuring of utilities – water and electric power supply, drainage of water, sewage, waste water treatment - in order to respect the conditions of environmental protection and energy saving practises including farm equipment for crop protection for spraying (including crop sprayers for all-terrain vehicles, atomisers and dusters (man-portable and self-propelled units)); spreading equipment for fertilizers (including manure and slurry spreading equipment), and equipment for crop cultivation during vegetation period (mulchers, mowers and weeders), aimed at reduction of environmental damages, as well as setting up of hail protection nets thus improving the technology level and quality of production required to take the production activities into conformity with the Community requirements;

**10133 Construction and reconstruction of buildings for post harvest activities of existing greenhouses (incl. glasshouses excluding plastic tunnels):** Investments in reconstruction and extension of buildings and utilities for complementing facilities necessary for post-harvesting activities (sorting, grading, packing and storage spaces) including the necessary

equipment for sorting, grading, packing and storing of the fresh vegetable products;

**10134 Modernisation of open-field vegetable production:** Investments in on-farm irrigation systems to reduce water-losses, purchase of specialised agricultural machinery and equipment for the modernisation of the cultivation of vegetables in the vegetation period which includes farm equipment for crop protection for spraying (including crop sprayers for all-terrain vehicles, atomisers and dusters (man-portable and self-propelled units)); spreading equipment for fertilizers (including manure and slurry spreading equipment), and equipment for crop cultivation during vegetation period (mulchers, mowers and weeders), aimed at reduction of environmental damages, as well as setting up of hail protection nets thus improving the technology level and quality of production required to take the production activities into conformity with the Community requirements;

<i>1014 Group of investments for Milk production</i>
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**10141 Construction/Reconstruction of farm buildings for dairy animals (cattle, sheep and goats in lactation):** Construction and modernisation of farm buildings as well as investments for construction/reconstruction of auxiliary buildings (farm buildings for storage of fodder and barns including installations and storing equipment such as grain and silage elevators, specialised technological equipment for production of compound feed, and software) and setting up fences surrounding the stable, investments in milking, feeding and watering installations (incl. software) and equipment for ventilation, maintaining optimal microclimate, water supply, sewerage networks, electrical installations, manure deposits and reservoirs for collection of liquid manure including machinery for manure clearing and handling as well as purchase of specialised milking equipment, milk storage tanks, mobile milking aggregates, cooling equipment (including software);

**10142 Purchase of specialised equipment for milking, cooling and storage:** Purchase of specialised milking equipment, milk storage tanks, mobile milking aggregates, cooling equipment (including software) to upgrade the milk hygiene and milk quality to EU requirements for raw milk primary production;

<i>1015 Group of investments for Meat production</i>
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**10151 Construction/Reconstruction of farm buildings for sows and pigs for fattening:** Construction and modernisation of stables for sows and pigs for fattening, which includes adjustment of the existing farms to include separate complementary premises for fattening, resting, insemination premises, storage premises, as well as fodder storage, barns, along with installations (including software) and equipment for feeding and watering, ventilation, maintaining optimal microclimate, water supply, sewerage networks, electric installations, manure deposits, including machinery for manure clearing and handling and specialised technological equipment for production of compound feed;

**10152 Setting up of new poultry production units for broilers and modernising of existing ones:** Setting up of production units for poultry fattening (broilers), modernising of existing ones, including the complementary buildings and utilities: paddocks, feed storage, and equipment for ventilation, maintaining optimal microclimate, feeding and watering installations (including software), water supply, sewerage networks, electric installations, manure deposits including machinery for manure clearing and handling, cleaning stations for waste water treatment, installations for preparation of feed mixtures and enclosures for limiting the concerned areas.

## **1.5 Eligibility Criteria**

### **1.5.1. Requirements for application**

#### *General requirements*

- 1) The applicant must submit an Application Form supported with a set of required documents.
- 2) The applicant must demonstrate prospect of economic viability at the end of realization of the investment through Business Plan. The calculation of the prospect of economic and financial viability of the applicant is according to the Methodology for assessing Business Plan
  - In case of construction and/or reconstruction Technical documentation with construction/ reconstruction plans must be prepared and submitted with the application-supplement to the Business Plan as well as to assure compliance of the investment with the specified civil engineering standards of the Municipality or to other standards acceptable to the Municipality in accordance to the urban and spatial plans;
- 3) Investments in application must comply with the minimum national standards regarding the environmental protection, public health, animal and plant health, animal welfare and occupational safety at the time when then decision to grant support is taken (Relevant Legislation Listed in Annex 25).
- 4) By derogation from point (3), where national minimum standards based on Community standards have been newly introduced at the time the application is received, assistance may be granted regardless of non-compliance with those standard on the condition that the production unit shall meet the new standards by the end of the realisation of the investment.
- 5) Assistance shall be granted on the condition that the investments comply with the relevant Community standards as defined by article 170 (1) of Commission Regulation (EC) No:718/2007 of 12 June 2007 [Implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)] at the end of the investment.

- 6) The applicant must have no outstanding liabilities against state in terms of fiscal obligations, financial obligations to the health, social and pension insurance funds as well as no outstanding financial obligations to MAFWE based on contractual arrangements.
- 7) The applicant must prove that he/she is the owner of the land/ or they have rent or concession contracts for land of minimum 5 years in case of investments, which do not imply construction works on farm buildings, irrigation improvement or reconstruction of perennials. In case of investments which apply construction works, irrigation improvement or reconstruction of perennials specific requirements apply;
- 8) The Applicant must assure compliance of the project with the Local Development Strategy of the concerned Municipality where the investment is located. If the Municipality has not yet adopted Local Development Strategy by the time of submitting application for grant, the Applicant shall elaborate within the Business Plan the prospects of the investment for the local development of the concerned Municipality where the investment is located.

*Specific requirements for the project*

**Priority sector 1011 Vineyards: Group of investments 10111: Reconstruction of vineyards**

- 1) The reconstruction of vine plantations on existing surfaces without their increase is only eligible if one of the following conditions applies:
  - replacing of the vines older than 20 years;
  - replacing the vines of not recommended varieties and hybrids with vines of varieties which are recommended according to the Book of Rules on classification of wine grape varieties (OG 6/2007)- Annex 21;
- 2) The vineyards owned or rented by the applicant must be located in the vine regions in the vine growing areas as in Annex 15;
- 3) Upgrade of the existing irrigation system for vineyards planted with authorised and recommended varieties intended for production of quality and regional wines can be subject to investment project, according to Article 3 and 11 from Law on Wine OG (69/04) and the Book of Rules on classification of wine grape varieties (OG 6/2007) – Annex 21;
  - The investments in irrigation must be to reconstruct the existing inefficient water distribution channels with water-saving irrigation technology;
  - Only the on-farm investments in irrigation systems are to be considered as eligible investment;
  - The applicant has to prove the source or availability of water through an agreement with the Water Communities or Water economies or



through existence of on-farm well for irrigation purposes according to the Article 29 of the Law on Water (OG 87/2008);

- 4) The applicant has to prove for the rented agricultural land the right to use it for a minimum of 10 years, in case of renovation and replacement of vineyards and in case of irrigation improvement.
- 5) In the case where the project for reconstruction of perennials includes purchase of eligible farm equipment for vineyards (as described in section 1.4. Priority sectors and the type of eligible investments), the total eligible costs for the concerned equipment (excluding the total eligible costs for improvement of the irrigation system) should not exceed 35% of the total eligible costs of investment (excluding the total eligible costs of investment concerning general costs) foreseen within the project;
- 6) The applicant whose project concerns investments only in purchase of farm equipment (as described in section 1.4. Priority sectors and the type of eligible investments), the farm equipment must be intended for upgrade and modernisation of farm operations for cultivation of vineyards, in order to take the production activities into conformity with the Community requirements. The total eligible costs for the concerned equipment (excluding the total eligible costs for improvement of the irrigation system) should not exceed 35% of the maximum ceiling for total eligible costs of the investments for measure 101 as determined in Section 1.10, point 2.;

**Priority sector 1012 Orchards: Group of investments 10121  
Reconstruction of orchards**

- 1) The reconstruction of orchards to be achieved on existing surfaces by replacing the fruit trees older than 15 years or the fruit trees of variety not included in the List of the fruit varieties eligible for planting in the country, (OG 41/2006)- Annex 22;
- 2) Upgrade of the existing irrigation scheme for orchards planted with varieties according to- Annex 22 can be subject to assistance if the following conditions apply:
  - The investments in irrigation must be to reconstruct the existing inefficient water distribution channels with water-saving irrigation technology;
  - Only the on-farm investments in existing irrigation systems are to be considered as eligible investment.
  - The applicant has to prove the source or availability of water through an agreement with the Water Communities or Water economies or through existence of on-farm well for irrigation purposes according to the Article 29 of the Law on Water (OG 87/2008);

- 3) The applicant has to prove for the rented agricultural land the right to use it for a minimum of 10 years, in case of renovation and replacement of orchards and in case of irrigation improvement.
- 4) In the case where the project for reconstruction of perennials includes purchase of eligible farm equipment for orchards (as described in section 1.4. Priority sectors and the type of eligible investments), the total eligible costs for the concerned equipment (excluding the total eligible costs for improvement of the irrigation system) should not exceed 35% of the total eligible costs of investment (excluding the total eligible costs of investment concerning general costs) foreseen within the project;
- 5) The applicant whose project concerns investments only in purchase of farm equipment (as described in section 1.4. Priority sectors and the type of eligible investments), the farm equipment must be linked to the technical farm operations for cultivation of orchards, which is intended for upgrade and modernisation required to take the production activities into conformity with the Community requirements. The total eligible costs for the concerned equipment (excluding the total eligible costs for improvement of the irrigation system) should not exceed 35% of the maximum ceiling for total eligible costs of the investment for measure 101 as determined in Section 1.10, point 2.;

**Priority sector 1013 Vegetables: Group of investments 10131 Construction and reconstruction of fixed greenhouses (excluding plastic tunnels):**

- 1) The project must consider investments in construction and improvement of existing greenhouses or replacement of plastic tunnels with fixed greenhouses;
- 2) Upgrade of the irrigation scheme for fixed greenhouses of light metal construction and plastic panel or film coverage (excluding plastic tunnels) can be subject to investment project if the following conditions apply:
  - The investments in irrigation must be to reconstruct the existing inefficient water distribution channels with water-saving irrigation technology;
  - Only the on-farm investments in existing irrigation systems are to be considered as eligible investment.
  - The applicant has to prove the source or availability of water through an agreement with the Water Communities or Water economies or through existence of on-farm well for irrigation purposes according to the Article 29 of the Law on Water (OG 87/2008);
- 3) In the case where the project includes purchase of eligible farm equipment (as described in section 1.4. Priority sectors and the type of eligible investments), the total eligible costs for the concerned farm equipment (excluding the total eligible costs for improvement of the irrigation system) should not exceed 25% of the total eligible cost of investment (excluding

the total eligible costs of investment concerning general costs) foreseen within the project;

- 4) The applicant whose project concerns investments only in purchase of farm equipment (as described in section 1.4. Priority sectors and the type of eligible investments), the farm equipment must be linked to the technical farm operation for cultivation of vegetable, which is intended for upgrade and modernisation required to take the production activities into conformity with the Community requirements. The total eligible costs for the concerned farm equipment (excluding the total eligible costs for improvement of the irrigation system) should not exceed 25% of the maximum ceiling for total eligible costs of the investments for measure 101 as determined in Section 1.10, point 2.;

**Priority sector 1013 Vegetables: Group of investments 10132  
Construction and reconstruction of existing glasshouses**

- 1) Technical documentation with construction/reconstruction plans must be prepared and submitted with the application-supplement to the Business Plan, assuring that the project for investments in glasshouses will bring the existing facility in accordance to the European Standards for Greenhouses EN 13031-1:2003 describing Design and construction of greenhouses including horticultural equipment, agricultural facilities, Structural design, Commercial, Business facilities, Stability, Durability etc. for vegetable production.
- 2) Upgrade of the existing irrigation scheme for glass-houses can be subject to investment project if the following conditions apply:
  - The investments in irrigation must be to reconstruct the existing inefficient water distribution channels with water-saving irrigation technology;
  - Only the on-farm investments in existing irrigation systems are to be considered as eligible investment.
  - The applicant has to prove the source or availability of water through an agreement with the Water Communities or Water economies or through existence of on-farm well for irrigation purposes according to the Article 29 of the Law on Water (OG 87/2008);
- 3) In case where the applicant is renting the glasshouse/s which are subject to investment, he/she has to prove the right to use it for a minimum of 10 years;
- 4) In the case where the project includes purchase of eligible farm equipment (as described in section 1.4. Priority sectors and the type of eligible investments), the total eligible costs for the concerned farm equipment (excluding the total eligible costs for improvement of the irrigation system) should not exceed 25% of the total eligible costs of investment (excluding

the total eligible costs of investment concerning general costs) foreseen within the project;

- 5) The applicant whose project concerns investments only in purchase of equipment (as described in section 1.4. Priority sectors and the type of eligible investments), the equipment must be linked to the technical farm operation for cultivation of vegetables in the vegetation period, which is intended for upgrade and modernisation required to take the production activities into conformity with the Community requirements. The total eligible costs for the concerned farm equipment (excluding the total eligible costs for improvement of the irrigation system) should not exceed 25% of the maximum ceiling for total eligible costs of the investment for measure 101 as determined in Section 1.10, point 2.;

**Priority sector 1013 Vegetables: Group of investments 10133  
Construction and reconstruction of buildings for post harvest activities  
of existing greenhouses (incl. glasshouses excluding plastic tunnels):**

- 1) The project must consider investments in buildings to upgrade the existing greenhouses (incl. glasshouses excluding plastic tunnels) cultivated by the applicant for the purpose of including post-harvesting activities;
- 2) Technical documentation with construction/reconstruction plans must be prepared and submitted with the application-supplement to the Business Plan;
- 3) The project for investments in construction or reconstruction of buildings for including post-harvesting facilities (sorting, grading, packing and storage spaces) must include the necessary equipment for sorting, grading, packing and storing of the fresh vegetable products;
- 4) The project for investments only in equipment for sorting, grading, packing and storing of the fresh vegetable products, providing that the building where the equipment will be placed exists, are eligible;
- 5) The applicant must prove that he/she is the owner of the building or he/she has rent or concession contracts for the building of minimum of 10 years; In case of investments in construction of new buildings the Applicant must prove ownership of the land (construction sight);

**Priority sector 1013 Vegetables: Group of investments 10134  
Modernisation of open-field vegetable production**

- 1) Upgrade of the existing irrigation scheme for open-field vegetable production can be subject to investment project if the following conditions apply:
  - The investments in irrigation must be to reconstruct the existing inefficient water distribution channels with water-saving irrigation technology;

- Only the on-farm investments in existing irrigation systems are to be considered as eligible investment.
  - The applicant has to prove the source or availability of water through an agreement with the Water Communities or Water economies or through existence of on-farm well for irrigation purposes according to the Article 29 of the Law on Water (OG 87/2008);
- 2) The applicant whose project concerns investments only in purchase of equipment (as described in section 1.4. Priority sectors and the type of eligible investments), the equipment must be linked to the technical farm operation for cultivation of vegetables in the vegetation period, which is intended for upgrade and modernisation required to take the production activities into conformity with the Community requirements and the total eligible costs for the concerned farm equipment (excluding the total eligible costs for improvement of the irrigation system) should not exceed 25% of the maximum ceiling for total eligible costs of the investments for measure 101 as determined in Section 1.10, point 2.;

**Priority sector 1014 Milk production: Group of investments 10141 Construction/Reconstruction of farm buildings for dairy animals (cattle, sheep and goats in lactation):**

- 1) The farm building must comply to the animal welfare standards concerning the minimal size per dairy cows, sheep and goat as follows:
  - The stable size for dairy cows must have a minimum stable size of 5 m<sup>2</sup> per dairy cow without the resting boxes;
  - The stable size for sheep and goats in lactation must be with minimum stable surface of approximately 1,4m<sup>2</sup> per animal without the resting boxes;
- 2) The stable must be complemented with separate premises for resting, insemination premises, milking halls and milk storage premises equipped with milk filtration, refrigeration and storage equipment and according to the sanitary and veterinary standards;
- 3) The stables for breeding of dairy cows, sheep and goat must be complemented with investments in manure handling and manure storage facilities according to the standards as outlined in Annex 26 Storage and Handling of Manure;
- 4) The project for reconstruction of farm buildings for dairy animals includes purchase of specialized milking and cooling equipment for improvement of milk hygiene, the total eligible costs for the concerned equipment should not exceed 35% of the total eligible costs of investment (excluding the total eligible costs of investment concerning general costs) foreseen within the project;

- 5) The project aiming at investment in improvement of farm buildings for storage of fodder and barns must be complemented with investments in manure handling and manure storage facilities according to the standards as outlined in Annex 26 Storage and Handling of Manure;
- 6) In case where the applicant is renting the farm building/s which are subject to investment, he/she has to prove the right to use it for a minimum of 10 years;
- 7) In the case where the project for reconstruction of farm buildings for storage of fodder and barns includes purchase of storing equipment and specialised technological equipment for production of compound feed, the total eligible costs for the concerned equipment should not exceed 45% of the total eligible costs of investment (excluding the total eligible costs of investment concerning general costs) foreseen within the project;
- 8) The investments in purchase of specialised milking equipment, milk storage tanks, mobile milking aggregates, cooling equipment (including software) and milking, feeding and watering installations (incl. software) must comply with the Community standards for raw milk production as follows:
- 9) As regards specifically investments in the milk sector with total eligible costs of the investment below or equal 200.000 euros, the investment must comply with EU standards, and in particular those specified in Regulation (EC) No 853/2004, Annex III, Section IX Chapter I, Raw milk primary production. However, the criteria stated in Regulation (EC) No 853/2004, Annex III, Section IX Chapter I, part III, point 3 (plate count and somatic cells), shall be considered as an aim to be reached and not as a precondition
- 10) As regards specifically investments in the milk sector with total eligible costs of the investment above 200.000 euros not exceeding the maximum amount of total eligible costs of the investment of 400,000 Euro, the dairy production unit must comply with EU standards, and in particular those specified in Chapter I raw milk – primary production of Section IX of Regulation (EC) No 853/2004 with the exemption of sub-section III Criteria for raw milk primary production. However, the criteria stated in Regulation (EC) No 853/2004, Annex III, Section IX Chapter I, part III, point 3 (plate count and somatic cells), shall be considered as an aim to be reached and not as a precondition

**Priority sector 1014 Milk production: Group of investments 10142  
Purchase of specialised equipment for milking, cooling and storage**

- 1) The project concerning investment only in purchase of specialised equipment for milking, cooling and storage must aim to bring the whole dairy production unit to the EU standards for raw milk production;
- 2) The project concerning investment only in purchase of specialised equipment for milking, cooling and storage must be complemented with

investments in manure handling and manure storage facilities according to the standards as outlined in Annex 26 Storage and Handling of Manure;

- 3) As regards specifically investments in the milk sector with total eligible costs of the investment below or equal 200.000 euros, the investment must comply with EU standards, and in particular those specified in Regulation (EC) No 853/2004, Annex III, Section IX Chapter I, Raw milk primary production. However, the criteria stated in Regulation (EC) No 853/2004, Annex III, Section IX Chapter I, part III, point 3 (plate count and somatic cells), shall be considered as an aim to be reached and not as a precondition
- 4) As regards specifically investments in the milk sector with total eligible costs of the investment above 200.000 euros not exceeding the maximum amount of total eligible costs of the investment of 400,000 Euro, the dairy production unit must comply with EU standards, and in particular those specified in Chapter I raw milk – primary production of Section IX of Regulation (EC) No 853/2004 with the exemption of sub-section III Criteria for raw milk primary production. However, the criteria stated in Regulation (EC) No 853/2004, Annex III, Section IX Chapter I, part III, point 3 (plate count and somatic cells), shall be considered as an aim to be reached and not as a precondition

**Priority sector 1015 Meat production: Group of investments 10151: Construction/Reconstruction of farm buildings for sows and pigs for fattening:**

- 1) The farm building must comply to the animal welfare standards concerning the minimal size per sow or fattening pig as follows:
  - The stable size for breeding sows must be with the minimum stable surface per animal being approximately 1.3 m<sup>2</sup> per sow.
  - The stable size for fattening pigs must be with the minimum stable surface per animal being approximately 0.65 m<sup>2</sup> per fattening pig;
- 2) The farm building must be complemented with separate premises for fattening, resting, insemination premises, storage premises, according to the animal welfare and veterinary standards;
- 3) The stables for sows and pigs for fattening must be complemented with investments in manure handling and manure storage facilities according to the standards as outlined in Annex 26 Storage and Handling of Manure;
- 4) In case where the applicant is renting the farm building/s which are subject to investment, he/she has to prove the right to use it for a minimum of 10 years;
- 5) In the case where the project for reconstruction of farm buildings includes renovation of fodder storage and barns and purchase of specialized equipment for production of compound feed, the total eligible costs for the

concerned equipment should not exceed 25% of the total eligible costs of investment (excluding the total eligible costs of investment concerning general costs) foreseen within the project; The applicant whose project concerns investments only in purchase of equipment, the total eligible costs for the concerned equipment should not exceed 45% of the maximum ceiling for total eligible costs of the investments for measure 101 as determined in Section 1.10, point 2.;

**Priority sector 1015 Meat production: Group of investments 10152: Setting up of new poultry farms for broilers and modernising of existing ones**

- 1) The farm building must comply to the animal welfare standards concerning the minimal size per bird (broiler) as follows:
  - The stable size for poultry breeding must be with minimum surface of 30 kg/m<sup>2</sup> or 17 broilers per 1 m<sup>2</sup>;
- 2) The stables for animal breeding (poultry) must be complemented with manure handling and manure storage facilities according to the standards as outlined in Annex 26 Storage and Handling of Manure;
- 3) In case where the applicant is renting the farm building/s which are subject to investment, he/she has to prove the right to use it for a minimum of 10 years; In case of investments in construction of new buildings the Applicant must prove ownership of the land (construction sight);
- 4) The applicant whose project concerns investments only in purchase of equipment, the total eligible costs for the concerned equipment should not exceed 45% of maximum ceiling for total eligible costs of the investments for measure 101 as determined in Section 1.10, point 2.;

**1.5.2. Eligible Investments**

- 1) All the investment provided for at Paragraph 1.4 – “Priority sectors and the type of eligible investments”
- 2) The eligible expenditures are:
  - (a) Construction of new buildings and installations and reconstruction of the existing ones. Eligible expenditure shall be limited to the construction or improvement of immovable property;
  - (b) The purchase of new machinery and equipment, including computer software up to the market value of the asset shall be considered as eligible;
    - In case of purchase of farm equipment for plant production (orchards, vineyards and vegetable production) only the specialised farm equipment for crop protection for spraying (including crop sprayers for all-terrain vehicles, atomisers and dusters (man-portable and self-propelled units)); spreading



equipment for fertilizers (including manure and slurry spreading equipment), and equipment for crop cultivation during vegetation period (mulchers, mowers and weeders), as well as hail protection nets are considered as eligible equipment and machinery;

- Co-financed new machinery and equipment must come from MS, CCs, potential CCs, countries benefiting from the "European Neighbourhood and Partnership Instrument" and other countries where reciprocal access to their external assistance has been established by the Commission [Article 19 of IPA Council Regulation (EC) No 1085/2006 Establishing an instrument for pre-accession assistance (IPA)]

The eligible expenditures are specified in the List of eligible Expenditures as accepted by the Commission.

(c) Purchase of perennials (fruit trees and vines);

(d) General costs linked to expenditure referred to in points (a) and (b) and c) such as architects', engineers' and other consultation fees, feasibility studies, the acquisition of patent rights and licences shall be eligible up to a ceiling of 12% of the costs referred to in points (a),(b) and c) according to the following conditions:

- for projects with eligible expenditure of the investments referred to in points (a), (b) and (c) of at least € 1 million and no more than € 3million, the business plan preparation costs cannot be greater than 4% of the eligible expenditure of these investments; and
- for projects with eligible expenditure of the investments referred to in points (a), (b) and (c) less than € 1 million, the business plan preparation costs cannot be greater than 5% of the eligible expenditure of these investments.

3) Not eligible expenditures are those listed in Article 32 paragraph 4 of the Sectoral Agreement;

## 1.6 Selection Criteria

*Priority shall be given to projects, which demonstrate the following criteria:*

N	CRITERION	INDICATOR	Score if yes	Maximum points per criterion
1	Support to farmers association and joint activities	- the investment is proposed by individual agriculture producers who is member of agriculture cooperative or agriculture associations	35	35
		- the investment is proposed by agriculture cooperatives or	30	

		- the investment is proposed by legal entities established by farmers associations	25	
2	Promotion of environmental protection	Investment supports introduction of on-farm energy and water saving practices and promote agriculture practices with regards to protection of the environment*	25	25
3	Improvement of gender and age structure in agriculture production	Investment is proposed by women	15	30
		Investment is proposed by young farmers (between 18 and 40 years)	15	
4	Commercial orientation of the agriculture production	Contractual relationships for deliveries of the raw material produced in the agriculture holding to the food supply chain	10	10
<b>TOTAL</b>				<b>100</b>

To promote investments and technologies, which aim to protect the environment (zero or positive impact), for both the plant and animal-breeding sector, such as:

- Water - irrigation systems with low water consumption (for example drip irrigation systems), systems of adapting the animals with the ration water consumption and minimising the water losses (for example drinking troughs with constant level)
- Energy – investments in equipment for using recoverable energies (biogas, solar energy, windmills, geo-thermal energy, etc.
- Investments in equipment ensuring hygienic and welfare of animals in the holding.
- Investments in farm buildings by using local resources and are of ecological design (wood, stone etc.)
- Investments in specific crop protection equipment for ensuring the integrated management for controlling the pests and diseases
- Investments in equipment that ensure the management of organic waste in the farm (basins for stocking the liquid manure, platforms of making compost from farmyard manure)
- Equipment for loading, transportation and spreading the farmyard manure in the field;
- Installations for waste waters treatment and recycling the treated water

In the process of selection, the eligibility criteria will be checked first. In case the application meet these requirements, the Business Plan will be assessed and future evaluation will be done according to the selection criteria laid down in the scoring table above, in order to be sure that the investment meets the objectives of the measure.

The process for approval of investments is according to the procedures of the IPARD Agency.

## **1.7 Beneficiaries**

### **1.7.1. General definition of beneficiaries:**

**Aid can be granted to economically viable agriculture holdings owned or leased by natural person or legal person-individual agriculture producers, cooperatives or legal entities dealing in agriculture to restructure and to upgrade to Community standards.**

For the purpose of this Programme, a "viable" agriculture holding is one with expected future capacity to operate profitably, and meet, from estimated income, its future financial commitments relating to: farm operating costs; debt servicing costs; and the future capital requirements for plant and improvements, and importantly, maintaining the resource base.

### **1.7.2. Description of Final beneficiaries:**

Aid can be granted to an individual agriculture producer/natural person, cooperative and any legal entity which is registered in the Farm Registry established within MAFWE in accordance with the Law on Agriculture and Rural Development (OG 134/2007)

- Individual producer is a natural person who is dealing in agriculture on his/her own account being the owner of a farm or who has the right to use the farm obtained through a legal agreement by the owner;
- Sole proprietor, in accordance with the Law on Trade companies (OG 28/04; 84/05; 25/07; 87/08), who is performing agriculture activity on his/her own account and being registered as such in the Central Registry (according to the National Classification of Economic Activities (OG 147/08);
- Privately owned commercial company established in accordance to the Law on Trade companies(OG 28/04, 84/05, 25/07, 87/08).which is dealing with agriculture as primary economic activity and is being registered as such in the Central Registry [according to the National Classification of Economic Activities (OG 147/08)];
- Cooperatives established according to the Law on Cooperatives (OG 54/02; 84/05)<sup>124</sup> dealing with agriculture as primary economic activity and

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<sup>124</sup>

According to the Law on Cooperatives (OG. 54/02 and 84/05) Cooperatives are legal entity established by associates-natural and legal entities for the purpose of representing or protection of certain number of precisely specified economic interests of the cooperates, in all fields of activity, except banking and insurance and activities which by law are not allowed to set up a cooperative. Minimum number of members to establish the cooperative is three natural or legal entities.

which are registered in the Central Registry [according to the National Classification of Economic Activities (OG 147/08)];

- Natural persons and Legal entities (sole proprietor and privately owned commercial companies established in accordance to the Law on Trade companies(OG 28/04; 84/05; 25/07; 87/08) which are entering into agriculture activities subject to fulfilling the specific requirements as in section 1.7.3 Specific definition of beneficiary per priority sector.

#### 1.7.3. Specific definition of beneficiary per priority sector:

In addition to the requirements outlined in section 1.5 Eligible criteria, the final beneficiary of each of the eligible priority sector subject to this measure must be in compliance with specific definitions of minimum and maximum size and capacity of the agriculture holding per priority sectors, as outlined in the table 1 below:

Table 1: Size of the capacities of the eligible beneficiaries for Measure 101

Beneficiaries	Priority sector	Group of Investment	m.u.**	Size of eligible beneficiary	
				min	max
Individual agriculture producer					
Plant Production	1011 Vineyards				
		10111	ha	0.5	20
	1012 Orchards				
		10121	ha	0.5	15
	1013 Vegetables				
	-greenhouses	10131;10133	ha	0.3	3
	-glasshouses	10132; 10133;	ha	0.1	2.5
	-open-field	10134	ha	0.5	15
Animal production	1014 Milk production				
	- milking cows	10141; 10142	heads	10	100
	- milking goats	10141; 10142	heads	50	500
	- milking ewes	10141; 10142	heads	300	3,000
	1015 Meat production				
	-pigs, for fattening	10151	heads***	2,000	8,000
	-sows	10151	heads	40	100
	-broilers	10152	heads***	5,000	30,000
Agriculture cooperatives, legal entities dealing in agriculture, commercial companies entering into agriculture activities					
Plant production	1011 Vineyards				
		10111	ha	0.5	50
	1012 Orchards				
		10121	ha	0.5	30
	1013 Vegetables				
	-greenhouses	10131;10133	ha	1.0	8
	-glasshouses	10132; 10133;	ha	1.5	6
	-open-field	10134	ha	0.5	30
Animal	1014 Milk production				

<i>production</i>	- milking cows	10141; 10142	heads	15	150
		10142	heads	15	150
	- milking goats	10141; 10142	heads	80	800
	- milking ewes	10141; 10142	heads	500	8,000
	<b>1015 Meat production</b>				
	-pigs, for fattening	10151	heads***	2,000	30,000
	-sows	10151	heads	40	400
	-broilers	10152	heads***	5,000	60,000

\*\* Cultivable land (owned or leased) or number of animals owned;

\*\*\* Annual turnover

#### 1.7.4. Other requirements (occupational skills etc.)

The beneficiaries (natural persons and/or owner of an agriculture holding or having the right to use the agriculture holding, sole proprietor, responsible person of the legal entity, or a manager of agricultural business/cooperative) shall prove minimum secondary school education by high school diploma or training certificate issued by relevant training institutions<sup>125</sup> including the list of attended training modules with relevance to the investment. Applicants that fail to meet the above skills will have to participate and pass a vocational training course organised under the Programme for Rural Development, before applying for final payment.

In accordance with Article 21 of the SA, ex-post checks shall be carried out within 5 years of the date of final payment to the final beneficiary. Since in case of retirement of the final beneficiary during this period substantial change occurs, the natural person (owner of a farm or having the right to use the farm), the sole proprietor or the responsible person of the legal entity (commercial company or cooperative) at the start of the investment must not be older than 59 years of age for male and 57 for women bearing in mind the age limit for retirement being 64 for man and 62 for women according to the provisions of the Law on pension and social insurance<sup>126</sup>.

The responsible person of the legal entity must be permanently employed.

### 1.8 National legislation in force

The legislation undergoing harmonisation and the national legislation in force are indicated in Part II of the IPARD Programme-“National Governance Context” as well as listed in Annex 25.

### 1.9 Aid intensity

Total public expenditure (national + EU funds) will not exceed a ceiling of 50% of the total eligible cost of the investment. However, that ceiling shall be raised up to:

<sup>125</sup> According to the Law on vocational training (OG 71/06) certificate can be obtained in institutions for vocational education and training (schools for vocational training and centres for vocational training);

<sup>126</sup> (OG 80/93, 3/94, 14/95, 71/96, 32/97, 24/00, 96/00, 50/01, 85/03, 50/04, 4/05, 101/05, 70/06, 153/07, 152/08, 161/08)

- 55% for investments in agricultural holdings made by young farmers<sup>127</sup>;
- 60% for investments in agricultural holdings in mountain areas;
- 65% for investments in agricultural holdings in mountain areas made by young farmers;

### 1.10 Financing

1. The degree of public intervention for the projects of private interest is 50% of which:
  - 75% is EU contribution
  - 25% from the national budget
2. Within this program projects of a minimum total eligible cost of the investments of 5,000 Euro (minimum ceiling) and maximum 200 000 Euro will be financed subject to the following requirements:
  - The applicant applying for projects whose value of the total eligible costs of the investment is below or equal to 200 000 Euro, the investment must be in compliance with Community standards as defined by article 170(1) of Commission Regulation (EC) No 718/2007 [Implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)] at the end of the investment.
  - The applicant applying for projects whose value of the total eligible costs of the investment is above 200 000 Euro (but not exceeding the maximum amount of total eligible costs of 400 000 Euro), the project must consider investment to bring the agriculture holding in full compliance with Community standards as defined by article 170(1) of Commission Regulation (EC) No 718/2007 [Implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)] at the end of the investment.
3. The maximum total eligible costs within the programming period 2007-2013 are 530 000 EUR per agricultural holding. Applicants may submit several projects, provided that the total maximum ceiling is not exceeded and previous projects have been successfully finalized i.e. the final payment is received.

Where national minimum standards based on Community standards have been newly introduced at the time when the application is received, assistance may be granted regardless of non compliance with those standards on the condition that the enterprise shall meet the new standards by the end of realisation of the investment.

The eligible project activities have to take place after the signature of the contract with exception to feasibility and technical studies, in the limit of the percentage approved in the measures. The payment of the financial support will be made on the base of justifying documents, which prove the accomplishing of the activities and their eligibility. For purchase of machinery and equipment, the payment will be made as a single payment at the end of

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<sup>127</sup> (EC) No 718/2007 (OJ L 170, 29.6.2007), Article 170 point (3): "a farmer under 40 years of age at the time when the decision to grant support is taken, possessing adequate occupational skills and competence."

the investment. For investments concerning construction and reconstruction of farm buildings including equipment, the payment can be made in maximum two installments, according to beneficiaries' choice. In this case the first instalment shall be paid after the finalisation of the construction or reconstruction works and the second instalment after the installation of the equipment, i.e. at the end of the investments.

The investment expenditures include also the expenditures for preparation of Business Plan and investment project at the rate of maximum 5% of investment project value and maximum 12% in case of technical project for construction for general costs, such as engineers' and consultants' fees, legal fees, feasibility studies for preparing and/or implementing a project.

The planned relative importance of Measure 101: Investments in agriculture holdings in relation to the other measures being financed under IPARD is up to 40%.

Table 2: Indicative Financial Plan for Measure 101 (2007-2011), in EUR

Year	Total eligible cost	Public expenditure						Private contribution	
		Total		EU contribution		National contribution			
	EUR	EUR	%	EUR	%	EUR	%	EUR	%
1	2=3+9	3=5+7	4=3/2	5	6=5/3	7	8=7/3	9	10=9/2
2007	2,408,000	1,204,000	50%	903,000	75%	301,000	25%	1,204,000	50%
2008	7,682,666	3,841,333	50%	2,881,000	75%	960,333	25%	3,841,333	50%
2009	11,696,000	5,848,000	50%	4,386,000	75%	1,462,000	25%	5,848,000	50%
2010	12,666,668	6,333,334	50%	4,750,000	75%	1,583,334	25%	6,333,334	50%
2011	16,213,334	8,106,667	50%	6,080,000	75%	2,026,667	25%	8,106,667	50%
Total	50,666,668	25,333,334	50%	19,000,000	75%	6,333,334	25%	25,333,334	50%

The distribution of the public investment is according to the objectives to be achieved under this measure.

Table 3: Indicative breakdown of Measure 101 per priority sectors, in Euro

Group of investments		% of the measure 101	EU funds	National Co-financing	Private contribution	Total cost
1011	Vineyards	10.50%	1,995,000	665,000	2,660,000	5,320,000
1012	Orchards	9.50%	1,805,000	601,667	2,406,667	4,813,334
1013	Vegetable	16%	3,040,000	1,013,333	4,053,333	8,106,666
1014	Milk production	39%	7,410,000	2,470,000	9,880,000	19,760,000
1015	Meat Production	25%	4,750,000	1,583,334	6,333,334	12,666,668
	<b>Total</b>	<b>100%</b>	<b>19,000,000</b>	<b>6,333,334</b>	<b>25,333,334</b>	<b>50,666,668</b>

### 1.11 Financing Conditions

- Beneficiaries-natural persons must run accounting books in accordance with the requirements for provision of information to the National Extension Agency for the purpose of the Farm Monitoring System for the period of at least 5 years after the investment is

- approved as well as to provide information and Farm Accountancy Data Network, if the information is asked;
- Beneficiaries-legal entities are obliged to keep all accounting records at least 5 years after the investments take place as well as to provide information to the National Extension Agency for the purpose of the Farm Monitoring System and Farm Accountancy Data Network, if the information is asked;
  - The beneficiary should collaborate and provide any requested information to the officials of MAFWE, IPARD Agency or European Commission authorised to control and audit the implementation of the project as well as NAO/NF and Auditing Authority.
  - Investment within five years from the date of the authorization of the payment by the IPARD agency must not undergo a substantial modification.
  - The beneficiary may again apply for support, following the completion of a previous project and reception of final payment for previous completed project.

### 1.12 Geographical Coverage

This measure applies on the whole territory of the country.

### 1.13 Quantified targets for EU common indicators:

Type of indicator	Indicator	Target
Output	Number of agriculture holdings supported (2007-2011)	93
	Total volume of investment (2007-2011)	49.84 Mio. EUR
Result	Number of holdings introducing Community standards	93
Impact	Net additional value expressed in PPS	*
	Change in gross value added per annual work unit	*

\* To be completed by means of survey and other evaluation models, carried out by MAFWE before implementation of the Programme

### 1.14 Programme specific indicators and quantified targets

- Share of reconstructed vineyards (%)
- Share of reconstructed orchards (%)
- Share of constructed fixed greenhouses (%)
- Share of reconstructed plastic tunnels into fixed greenhouses (%)
- Share of reconstructed glasshouses (%)
- Share of glasshouses including post-harvest activities (%)
- Share of assisted agricultural holdings that have introduced animal welfare improvements (%)



- Share of assisted agricultural holdings that have improved milk hygiene requirements according to Community requirements (%)
- Share of assisted agricultural holdings that have improved farm manure storage practices (%)
- Share of young farmers of total assisted farmers (%)
- Share of women of total assisted farmers (%)

#### **1.15 Supporting Documents**

The potential beneficiary shall attach the required documents to the financing application.

#### **1.16 Implementing Authority**

The Agency for Financial Support of Agriculture and Rural Development (IPARD Agency) represents the Implementing Authority.

**Measure 103 Investments in the processing and marketing of agriculture and fishery products to restructure those activities and to upgrade them to Community standards.**

**This measure is applied in accordance with:**

- Article 12 (2) of Framework Regulation – Council Regulation (EC) No 1085/2006 [Establishing an instrument for pre-accession assistance (IPA)]
- Article 176 of Commission Regulation (EC) No 718/2007 of 12 June 2007 [Implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)]

### **1.1 Rationale**

The measure aims to improve the processing and marketing conditions for agricultural products in order to fulfil the EU requirements (hygiene, food safety, quality, environment, animal welfare etc.) and to contribute to implementation of the National Programme of Adoption of the EU Acquis (NPAA).

One of the priorities of the NPAA is to adjust the agro-food sector, in particular the milk, meat, fruit and vegetable processing industries to the veterinary, sanitary and food safety standards of the EU.

Currently only very few enterprises meet EU requirements for hygiene, food safety, quality and environmental standards. As a result of harmonisation of the country's legislative acts related to the so-called “*heavy Acquis*”, considerable capital expenditure is required to upgrade plants to the EU standards. Lack of capital prevents enterprises from undertaking investment projects necessary in the context of the EU integration.

Particularly, support for this measure is destined to improve the performances of agro-food production from the point of view of quality standards with respect to rationalisation of the installed capacities, their efficient use and to eliminate the supply chain malfunctions, manifested on specific markets, namely:

- the supply chain linkages are weak and burdened with intermediaries especially in the fruit and vegetable sector;
- despite the unused installed capacity the continuous degradation of productive equipment and a high degree of depreciation of the existing units that do possess neither high performance processing equipment nor competitive capacities, at the level of Community standards, capable to assure the production quality and control;
- lack of equipment in the endowment of food industry establishments, for the evacuation of waste water and residual products that do not allow sufficient protection of the environment, and the insufficient endowment with laboratories and with equipment to measure and control the products quality;

- weak diversification of agro-food products, according to the EU quality standards, although the consumers' requirements claim for an improvement of the range of processed products.

The utilized capacity for processing and marketing decreased substantially during the transition period. The agro-processing industry is jeopardised by seasonality and un-utilised installed capacities on the other hand. Despite the existence of excess capacity, the part of the existing capacity consists of old buildings and obsolete machines and absence of finalisation equipment for value added products.

Due to lack of statistical and market research data it is rather difficult to measure the total production of the processing capacities and their domestic market share. However, the intention is not to increase the production after the implementation of the program but to support the production, processing and marketing of high quality products, compliant with the rules for food safety, health and environmental protection.

This measure covers capital grant schemes aimed at the improvement of processing and marketing in the following sectors: milk and dairy products, meat and meat products with particular focus on the slaughtering lines improvement, fruit and vegetables and wine. These sectors have been selected on the basis of their export performance on the one hand, and the necessity to bring them in line with harmonized National legislation concerning hygiene, veterinary and sanitary standards, on the other.

Following the approximation process, obsolete enterprises will be closed on recommendation of the National Veterinary Service. An assessment of the compliance of the existing establishments is to be performed by the Veterinary Directorate prior to 'conferral of management' and implementation of this Programme. The assessment will point out the necessary interventions for achieving the food and hygienic standards within a transition period or to be closed down.

According to the sector studies, for each sector, part of the utilized capacity must be improved. Part of the improvement will concern reconstruction and modernization of the existing processing plants and another part – building of new ones. They will substitute the old enterprises on the basis of analysis and researches. For the improvement of the products' quality, laboratories for internal quality control within the entities will be necessary as well as improvement of the overall traceability system and management of control systems within the processing enterprises.

Concerning the strengthening of the supply chains, the establishment and modernisation of collection centres is envisaged to be supported especially for raw milk collection and for fruit and vegetables.

## **1.2 Correlation with other measures**

Within this Programme this measure complements the implementation of the measure "Investments in agriculture holdings to restructure and to upgrade to

Community standards" and measure under Priority axis 3 "Diversification of the economic activities in the rural areas".

The Measure 103 also complements to the national support scheme through the Programme for Rural Development, SME support policy as well as corresponding linkage to other donor support and IFI's. Related national policies, donor and IFI's activities are described in full in Part II.

The IPARD Agency will ensure that all beneficiaries are checked whether they receive funds from other IPA programs, or Community assistance or any foreign donor grant scheme or IFI's that are proposed for financing under IPARD Programme. The IPARD Agency will not accept applications for projects that are financed from any other IPA programs, or Community assistance or any foreign donor grant scheme or IFI's. The IPARD Agency is obliged to check whether the project received is financed from other sources (any other IPA programs, or Community assistance or any foreign donor grant scheme or IFI's) at two stages:

- 1) prior to approval of project;
- 2) prior of approval of payment.

The IPARD Agency will assure that future double financing is avoided by stamping the received invoices for investment with clear "IPARD" stamp by an authorised official before being the subject of a payment from the IPARD Agency.

### **1.3 Objectives**

#### **1.3.1. General objectives**

This measure is primarily aimed at facilitating the implementation of the Community standards, aimed at reducing of the major shortcomings, which characterise the agro-food industry in the country in advance to its accession to EU.

In addition this measure aims towards the National Agriculture and Rural Development Objectives:

- Upgrade to the Community Standards as regards environmental protection, public health (food safety and quality of products), animal and plant health, animal welfare and occupational safety.
- Improve the overall performance in the processing and marketing of primary agricultural products
- Contribute to the preparation of the country for its accession to the EU.
- Facilitate competition in the internal market by the introduction of new technologies and innovation
- Promote environmentally sound production practises (reduction of water losses, decreasing the pollution of the environment, and/or elimination of by- products or of wastes);

#### **1.3.2. Specific objective**

- To promote focused investments for strengthening the supply chain in the dairy and fruit and vegetable sub-sector through setting up or

modernisation of local collecting networks, of reception capacities, storing, conditioning, sorting and packing of agricultural products,

- To contribute towards improvement and optimisation of production flows, processing and marketing of agricultural products, in terms of investment in modernisation of the existing production technologies to improve the product quality, marketing of products and improvement of the environmental standards.
- To promote investments for modernisation of certain operations in the slaughter sector and wine production, for investment in modernisation of the technological lines and equipment and quality control systems.
- To support investments aimed at adjustments to Community standards for the establishment as whole;
- To promote investments aimed at decreasing negative impact on the environment.

#### **1.4 Priority sectors and the type of eligible investments**

By the Government Decision of 25<sup>th</sup> of July, 2006, the targeted priority agriculture sectors are identified to be supported under the Priority Axis 1 measures. These are wine and grapes, fruits and vegetables, milk and dairy and meat and meat products.

In the framework of this measure, financial support shall be granted for investments in private agriculture processing establishments, for ensuring the rationalisation of the installed capacities and reorientation of the production for a increasing of the quality of the products resulted from the application of competitive technologies and which may also limit the pollution on the environment.

An enterprise is an economic unit of production, under single management, that independently directs and manages all the functions needed to carry out production activities. An enterprise may engage in more than one type of activity and may have its operations in more than one location. Enterprises may be corporations, government institutions or other units, including households.

An establishment is an enterprise or part of an enterprise situated in a single location and primarily engaged in a single type of production activity. Any secondary activity should be on a small scale. An enterprise that is engaged in growing crops as well as processing the crops on a significant scale is considered as two establishments, corresponding to the two types of activities

The investments per priority sectors broadly cover costs for improvement and optimisation of production flows in processing and marketing of agricultural products; setting up or modernisation of local collecting networks, of reception capacities, storing, conditioning, sorting and packing of agriculture products covered by Annex 1 to the Treaty in the sectors mentioned above.

**For all above mentioned sectors, the investment type that can be financed refers to:**

- Medium-sized milk processing establishments and fruit and vegetable processing establishments to establish collection centres or modernise the existing ones for raw milk and fresh fruit and vegetable respectively, to improve the supply chain and the quality of the raw materials;
- Specialised small-size milk processing establishments to modernise their dairy product manufacturing lines with new updated technological production capacities (excluding powder milk and butter production);
- Small size fruit and vegetable processing establishments to improve the quality control system and marketing;
- Technological improvement of the cattle, pig and poultry slaughter establishments to bring them in full compliance to Community standards;
- Setting up new slaughter capacity for poultry in full compliance to Community standards and modernisation of existing ones towards full compliance to Community standards;
- Investments aimed at decreasing negative impact on the environment in meat processing establishments and slaughterhouses (waste and water treatment) including technology for valorisation of organic waste obtained in the slaughtering and meat cutting process;
- Small size wineries to improve product quality with specific investments in wine finalisation technologies and marketing;

**Per priority sector:**

*1031 Group of investments for Wine production*

**10311 Purchase of equipment for improvement of wine product quality:** Purchase of equipment for improvement of wine product quality (finalisation equipment for filtration, cold stabilisation etc.), equipment for monitoring and control system of reception, storage, processing and marketing channel of products, internal control (laboratory apparatus and placements for test laboratories and laboratory apparatus) and marketing of products, equipment for bottling (mobile bottling units), automatic labelling and packing, including software;

*1032 Group of investments for Fruits and vegetables processing*

**10321 Construction and reconstruction of buildings for setting up and modernisation fruit and vegetable collection centres:** Construction and reconstruction of buildings for setting up fruit and vegetable collection centres including building installations and equipment for setting up collecting, reception, cooling and storage units for the fruit and vegetables, as well as the purchase of equipment for storing and cooling at collection points, specialised equipment for monitoring and control system, laboratory apparatus for quality control, traceability systems (bar-codes) and facilitation of compliance with environmental protection rules, waste handling, sustainable use of energy;

**10322 Purchase of equipment for improving and modernisation of production technologies in fruit and vegetable processing**

**establishments:** Purchase of equipment for improving and modernisation of production technologies in small-sized fruit and vegetable processing enterprises specialised equipment for monitoring and quality control system, laboratory apparatus for quality control, traceability systems (bar-codes) and marketing of products, automatic packaging and labelling equipment, and facilitation of compliance with environmental protection rules, waste handling storing including software.

#### *1033 Group of investments for Milk and dairy*

**10331 Setting up and modernisation of milk collection centres:** New investments in buildings and modernisation of the existing ones, building installations and equipment, for setting up and technological upgrading of collecting, reception, cooling and storage units for the milk as raw material, as well as the purchase of equipment for milk storing and cooling at collection points, specialised equipment for monitoring and control system of reception, collecting, processing and marketing channel of products, laboratory apparatus for quality control, transportation cooling tanks and investments to achieve compliance with environmental protection standards and sustainable use of energy;

**10332 Investments in modernisation and technological upgrade of the dairy establishments with specialised production:** Purchase of machinery, equipment, technology and technological lines (incl. software) aimed at bringing the dairy products' manufacturing in compliance with comprehensive market demand, quality control system implementation (monitoring and control system of processing and marketing channel of products), laboratory apparatus for internal product control, modern packing systems and investments to achieve compliance with environmental protection standards and sustainable use of energy.

#### *1034 Group of investments for Meat products*

**10341 Establishment of slaughter capacity for poultry:** New investments in buildings and equipment, for establishment of slaughter capacity for poultry including installations and equipment for improvement of animal welfare standards in slaughterhouses and investments to achieve compliance with environmental protection standards for waste and water treatment and sustainable use of energy(including software);

**10342 Modernisation and technological upgrading for the existing slaughter establishments for cattle, pig and poultry:** Modernisation and technological upgrading for the existing slaughter establishments for cattle, pig and poultry including installations and equipment for improvement of animal welfare standards in slaughterhouses and investments to achieve compliance with environmental protection standards for waste and water treatment and sustainable use of energy (including software);

**10343 Investments for decreasing negative impact on the environment in meat processing establishments and slaughter-houses:** Investments for decreasing negative impact on the environment in meat processing establishments and slaughter-houses to achieve compliance with environmental protection standards for waste and water treatment and

investment in technology aiming at treatment of by-products obtained as a result of the slaughtering process for better valorisation of the organic waste i.e. offal, lard, blood, connective tissues.

## **1.5 Eligibility Criteria**

### **1.5.1. Requirements for Application**

#### *General requirements*

- 1) The applicant must submit an Application Form supported with a set of required documents.
- 2) The applicant must demonstrate prospect of economic viability at the end of realization of the investment through Business Plan. The calculation of the prospect of economic and financial viability of the applicant is according to the Methodology for assessing Business Plan.
  - In case of construction and/or reconstruction Technical documentation with construction/reconstruction plans must be prepared and submitted with the application-supplement to the Business Plan;
- 3) Investments in application must comply with the minimum national standards regarding the environmental protection, public health, animal and plant health, animal welfare and occupational safety at the time when then decision to grant support is taken (Relevant Legislation Listed in Annex 25).
- 4) By derogation from point (3), where national minimum standards based on Community standards have been newly introduced at the time the application is received, assistance may be granted regardless of non-compliance with those standard on the condition that the establishment shall meet the new standards by the end of the realisation of the investment.
- 5) Assistance shall be granted on the condition that the investments comply with the relevant Community standards as defined by article 170 ( 1 ) of Commission Regulation ( EC ) No: 718/2007 of 12 June 2007 [Implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)] at the end of the investment:
- 6) The applicant must have no outstanding liabilities against state in terms of fiscal obligations, financial obligations to the health, social and pension insurance fund as well as no outstanding financial obligations to MAFWE based on contractual arrangements;
- 7) The applicant must prove that he/she is the owner of the building or has rent or concession contracts for the building of minimum 5 years in case of other type of investments, which do not imply construction works; In case of investments which apply construction works, specific requirements apply;
- 8) The applicant must prove the ability to provide private contribution for the investment;



- 9) The Applicant must assure compliance of the project with the Local Development Strategy of the concerned Municipality where the investment is located. If the Municipality has not yet adopted Local Development Strategy by the time of submitting application for grant, the Applicant shall elaborate within the Business Plan the prospects of the investment for the local development of the concerned Municipality where the investment is located.

*Specific requirements*

**Priority sector 1031 Wine production: Group of investments 10311  
Purchase of equipment for improvement of wine product quality:**

- 1) The project must be targeted towards investment in terms of improvement of the existing wine processing capacities to improve the finalisation process of the wine thus improving the wine quality and to improve the marketing processes of the wine production, whilst meeting the Community standards;

**Priority sector 1032 Fruit and Vegetable Processing: Group of investments 10321 Construction and reconstruction of buildings for setting up fruit and vegetable collection centres:**

- 1) The applicant must provide assurance within the project that the investment will secure full compliance of the establishment with Community standards;
  - The applicant must obtain a document from the Food Directorate confirming that all mandatory national minimum standards are respected and the relevant Community standards are respected within the project proposed by the applicant;
  - In case of new investments, the applicant must obtain a document from the Food Directorate confirming that all mandatory national minimum standards and that the relevant Community standards applicable to the investment/ establishment are respected prior to approval of payment;
- 2) The applicant must provide contracts with fruit and vegetable farmers (at least annual contracts) to justify the sustainability of the project and the utilisation of the installed capacity; In case where agriculture cooperative is establishing collection centre supply contracts with processing enterprises distributors, traders or supermarket chains must be provided;
- 3) The capacity of the collection centre in tons must have minimum annual capacity of 500 tones to maximum 3,000 tones;
- 4) The project must be complemented with feasibility study to be submitted as a supplement to the Business Plan;
- 5) In case where the applicant is renting the building/s which are subject to construction investment, he/she has to prove the right to use it for a minimum of 10 years; In case of investments in new building construction the Applicant must prove ownership of the land (construction site);

**Priority sector 1032 Fruit and Vegetable Processing: Group of investments 10322 Purchase of equipment for improving and modernisation of production technologies in fruit and vegetable processing establishments:**

- 1) The project must be targeted towards investments in production line in terms of improvement of the single production activity (i.e. preserving/pasteurising of fruit and vegetable, freezing, drying tunnels etc.; excluding the fruit juices and jams production lines) in fruit and vegetable processing establishments and product innovation in terms of introduction of new production technologies and marketing equipment meeting the Community standards:
  - In case where the project concerns modernisation and technological upgrade of a single production activity for a specialised fruit and vegetable processing line, the investment must be in compliance with the Community standards;
  - The applicant must obtain a document from the Food Directorate confirming that all mandatory national minimum standards are respected and the relevant Community standards are respected within the project proposed by the applicant;

**Priority sector 1033 Milk Processing and Dairy Products: Group of investments 10331 Setting up and modernisation of milk collection centres:**

- 1) The applicant must provide assurance within the project that the investment will secure full compliance of the establishment with Community standards;
  - The applicant must provide assurance within the project that the investment will secure full compliance of the establishment with Community standards by obtaining a List of necessary investments to achieve or upgrade to Community standards from the Veterinary Directorate, subsequent to their assessment and include it in the Business Plan proving the targeting of proposed investment;
  - In case of new investments, the applicant must obtain a document from the Veterinary Directorate confirming that all mandatory national minimum standards and that the relevant Community standards applicable to the investment/ establishment are respected prior to approval of payment;
  - As soon as the assessment of all food establishments in the country has been carried out and a classification of all food establishments by category based on the EU Acquis has been prepared, the applicant must demonstrate that the establishment is listed in the national plan upgrading establishments to Community standards elaborated by Veterinary Directorate. To ensure traceability, the register number provided to the establishments during the assessment process should be kept or referred to during the IPARD project phase as well as linked to the EU export number if subsequently awarded

- 2) The applicant must provide contracts with dairy farmers (at least for annual contracts) to justify the sustainability of the project and the utilisation of the installed capacity; In case where agriculture cooperative is establishing collection centre supply contracts with milk processing establishments must be provided;
- 3) The capacity of the collection centre must have minimum capacity of 1,500 l. per day to maximum 30,000 l. per day;
- 4) The project must be complemented with feasibility study to be submitted as a supplement to the Business Plan;
- 5) As regards specifically investments in the milk sector with total eligible costs of the investment below or equal 400.000 euros, the investment must comply with EU standards, and in particular those specified in Regulation (EC) No 853/2004, Annex III, Section IX Chapter I, Raw milk primary production. However, the criteria stated in Regulation (EC) No 853/2004, Annex III, Section IX Chapter I, part III, point 3 (plate count and somatic cells), shall be considered as an aim to be reached and not as a precondition;
- 6) As regards specifically investments in the milk sector with total eligible costs of the investment above 400.000 euros, the establishment must comply with EU standards, and in particular, those specified in Chapter I raw milk – primary production of Section IX of Regulation (EC) No 853/2004 with the exemption of sub-section III Criteria for raw milk primary production. However, the criteria stated in Regulation (EC) No 853/2004, Annex III, Section IX Chapter I, part III, point 3 (plate count and somatic cells), shall be considered as an aim to be reached and not as a precondition.
- 7) In case where the applicant is renting the building/s which are subject to investment, he/she has to prove the right to use it for a minimum of 10 years; In case of investments in construction of new buildings the Applicant must prove ownership of the land (construction sight);

**Priority sector 1033 Milk Processing and Dairy Products: Group of investments 10332 Investments in modernisation and technological upgrade of the milk processing establishments with specialised production**

- 1) The project must be targeted towards investment in terms of improvement of the single production activity (i.e. cheese or fermented milk or spreads etc. excluding milk powder and butter production lines) in milk processing establishments and product innovation in terms of introduction of new production technologies and marketing equipment meeting the Community standards:
  - In case where the project concerns modernisation and technological upgrade of a single production activity for a specialised dairy product line, the investment must be in compliance with the Community standards;
  - The applicant must obtain a document from the Veterinary Directorate confirming that all mandatory national minimum standards are

respected and the relevant Community standards are respected within the project proposed by the applicant;

**Priority sector 1034 Meat Products: Group of investments 10341  
Establishment of slaughter capacity for poultry:**

- 1) The investment in a construction of the new poultry house must bring the whole slaughter house in full compliance with the Community standards at the end of investments;
  - The applicant must provide assurance within the project that the investment will secure full compliance of the establishment with Community standards by obtaining a List of necessary investments to achieve or upgrade to Community standards from the Veterinary Directorate, subsequent to their assessment and include it in the Business Plan proving the targeting of proposed investment;
  - In case of new investments, the applicant must obtain a document from the Veterinary Directorate confirming that all mandatory national minimum standards and that the relevant Community standards applicable to the investment/ establishment are respected prior to approval of payment;
  - As soon as the assessment of all food establishments in the country has been carried out and a classification of all food establishments by category based on the EU Acquis has been prepared, the applicant must demonstrate that the establishment is listed in the national plan upgrading establishments to Community standards elaborated by Veterinary Directorate. To ensure traceability, the register number provided to the establishments during the assessment process should be kept or referred to during the IPARD project phase as well as linked to the EU export number if subsequently awarded.
- 2) The project must envisage investments in achieving the animal welfare and environmental protection standards in terms of waste and water treatment for the whole establishment in particular;
  - As regards specifically investments in the meat sector with total eligible costs of investment below or equal 400.000 euros, the investment must comply with EU standards, and in particular those specified in Regulation (EC) No 853/2004, Annex III, Section II: meat from poultry and lagomorphs, Chapter II: requirements for slaughterhouses, Chapter III: requirements for cutting plants, Chapter IV: Slaughter Hygiene, Chapter V: hygiene during and after cutting and boning;
  - As regards specifically investments in the meat sector with total eligible costs of investment above 400.000 euros, the establishment must comply with EU standards, and in particular, those specified in Regulation (EC) No 853/2004, Annex III, Section II: meat from poultry and lagomorphs, Chapter II: requirements for slaughterhouses, Chapter III: requirements for cutting plants, Chapter IV: Slaughter Hygiene, Chapter V: hygiene during and after cutting and boning;
- 3) The investment must envisage slaughtering capacity for poultry of minimum 10.000 to maximum 30.000 broilers per day;

- 4) In case where the applicant is renting the building/s which are subject to construction investment, he/she has to prove the right to use it for a minimum of 10 years; In case of investments in construction of new buildings the Applicant must prove ownership of the land (construction sight);

**Priority sector 1034 Meat Products: Group of investments 10342 Modernisation and technological upgrading for the existing slaughter lines for cattle, pig and poultry:**

- 1) In case where the project concerns modernisation and technological upgrade of the existing slaughtering establishment, the investment must bring the establishment in full compliance with the Community standards;
  - The applicant must provide assurance within the project that the investment will secure full compliance of the establishment with Community standards by obtaining a List of necessary investments to achieve or upgrade to Community standards from the Veterinary Directorate, subsequent to their assessment and include it in the Business Plan proving the targeting of proposed investment;
  - The applicant applying for investments must provide as obligatory part of the application, a document from the Veterinary Directorate confirming that all mandatory national minimum standards are respected and that the relevant Community standards applicable to the investment/establishment as proposed in the project are respected at the end of the investment.
  - As soon as the assessment of all food establishments in the country has been carried out and a classification of all food establishments by category based on the EU Acquis has been prepared, the applicant must demonstrate that the establishment is listed in the national plan upgrading establishments to Community standards elaborated by MAFWE Veterinary Directorate. To ensure traceability, the register number provided to the establishments during the assessment process should be kept or referred to during the IPARD project duration as well as linked to the EU export number if subsequently awarded.
- 2) The project must envisage investments in achieving the animal welfare and environmental protection standards in terms of waste and water treatment for the whole establishment in particular;
  - As regards specifically investments in the meat sector with total eligible costs of investment below or equal 400.000 euros, the investment must comply with EU standards, and in particular those specified in Regulation (EC) No 853/2004, Annex III, Section II: meat from poultry and lagomorphs, Chapter II: requirements for slaughterhouses, Chapter III: requirements for cutting plants, Chapter IV: Slaughter Hygiene, Chapter V: hygiene during and after cutting and boning;
  - As regards specifically investments in the meat sector with total eligible costs of investment above 400.000 euros, the establishment must comply with EU standards, and in particular, those specified in

Regulation (EC) No 853/2004, Annex III, Section II: meat from poultry and lagomorphs, Chapter II: requirements for slaughterhouses, Chapter III: requirements for cutting plants, Chapter IV: Slaughter Hygiene, Chapter V: hygiene during and after cutting and boning;

- 3) In case where the applicant is renting the building/s which are subject to construction investment, he/she has to prove the right to use it for a minimum of 10 years; In case of investments in construction of new buildings the Applicant must prove ownership of the land (construction sight);

**Priority sector 1034 Meat Products: Group of investments 10343 Investments for decreasing negative impact on the environment in meat processing establishments and slaughterhouses:**

- 1) The applicant may submit a project which only concerns investments in achieving the environmental protection standards in terms of waste and water treatment for the whole establishment;
- 2) Only the slaughter-houses can submit project concerning purchase of technological equipment for treatment and valorisation of organic waste obtained through the slaughtering process, which investment must be accompanied with investments for waste and water treatment for the whole establishment.;

*Note: Excluded from investment are*

- establishments which already meet EU standards and are registered for export in the EU but maintaining the right to obtain support in all other components (establishments) of the enterprise where the required Community standards are not met;

**1.5.2. Eligible Investments**

- 1) All the investment provided for at Paragraph 1.4 – “Priority sectors and the type of eligible investments”
- 2) The eligible expenditures are:
  - (a) Construction of new buildings and installations and reconstruction of the existing ones. Eligible expenditure shall be limited to the construction or improvement of immovable property;
  - (b) The purchase of new machinery and equipment, including computer software up to the market value of the asset shall be considered as eligible.
    - Co-financed new machinery and equipment must come from MS, CCs, potential CCs, countries benefiting from the "European Neighbourhood and Partnership Instrument" and other countries where reciprocal access to their external assistance has been established by the Commission [Article 19 of IPA Council Regulation (EC ) No 1085/2006 Establishing an instrument for pre-accession assistance (IPA)]
  - (c) General costs linked to expenditure referred to in points (a) and (b), such as architects', engineers' and other consultation fees, feasibility studies, the acquisition of patent rights and licences shall be eligible up

to a ceiling of 12% of the costs referred to in points (a) and (b) according to the following conditions:

- for projects with eligible expenditure of the investments referred to in points (a), (b) and (c) greater than € 3 million, the business plan preparation costs cannot be greater than 3% of the eligible expenditure of these investments;
- for projects with eligible expenditure of the investments referred to in points (a), (b) and (c) of at least € 1 million and no more than € 3million, the business plan preparation costs cannot be greater than 4% of the eligible expenditure of these investments; and
- for projects with eligible expenditure of the investments referred to in points (a), (b) and (c) less than € 1 million, the business plan preparation costs cannot be greater than 5% of the eligible expenditure of these investments.

The eligible expenditures are specified in the List of eligible Expenditures as accepted by the Commission.

3) Not eligible expenditures are those listed in Article 32 paragraph 4 of the Sectoral Agreement.

## 1.6 Selection Criteria

*Priority shall be given to projects, which demonstrate the following criteria:*

**Table Selection Criteria for measure 103 (excluding measure 10343)**

N	CRITERION	INDICATOR	Score if yes	Maximum points per criterion
1	Project objective	- if the investment aims at modernisation and technological upgrade of the existing capacities while closing down the obsolete capacities	30	30
		- if the investments are aimed at setting-up collection centres for fresh fruit and vegetable or raw milk or poultry slaughterhouse	25	
		- if the investments aims at modernisation and technological upgrade of the existing capacities in terms of increase product quality	20	
2	Environmental protection	-if the investments are aimed at decreasing negative impact on the environment trough water purification stations	15	30
		- if investments are aimed at waste treatment and recycling whilst valorisation of by-products	15	
3	Quality control of products	Investments for setting-up of laboratories or modernise the existing ones	15	25
		Investments in equipment for quality monitoring, control and traceability systems	10	
4	Investments with individual	- for modernisation of existing establishments: Own supplies and contractual relationships with producers (at least annual contracts) covering at	15	15

		least 50% of the supplies		
		- for new investments: Own supplies and contractual relationships with producers covering at least 50% of the supplies of raw materials for at least 1 year after the finalisation of the project.	<b>10</b>	
			<b>TOTAL</b>	<b>100</b>

The following ranking criteria will apply for selection of proposals which envisage investments for decreasing negative impact on the environment in meat processing establishments to achieve compliance with Community standards (10343):

**Table: Ranking criteria for measure 10343.**

<b>N</b>	<b>CRITERION</b>	<b>INDICATOR</b>	<b>Score if yes</b>	<b>Maximum points per criterion</b>
<b>1</b>	<b>Project objective</b>	- if the beneficiary is meat processing company	<b>40</b>	<b>40</b>
		- if the beneficiary is slaughterhouse	<b>30</b>	
<b>2</b>	<b>Environmental protection</b>	- If the beneficiary is connected to public sewerage	<b>30</b>	<b>30</b>
		- if the beneficiary is using septic tank for sewerage	<b>20</b>	
<b>3</b>	<b>Support to women and young economic operators</b>	Investment is proposed by women	<b>15</b>	<b>30</b>
		Investment is proposed by young economic operators (between 18 and 40 years)	<b>15</b>	
		<b>TOTAL</b>		<b>100</b>

In the process of selection, the eligibility criteria will be checked first. In case the application meet these requirements, the Business Plan will be assessed and future evaluation will be done according to the selection criteria laid down in the scoring table above, in order to be sure that the investment meets the objectives of the measure.



The process for approval of investments is according to the procedures of the IPARD Agency.

## **1.7 Beneficiaries**

### **1.7.1. General definition of beneficiaries**

Aid will be granted to economically viable legal entities registered according to Law on Trade Company (OG 28/04, 84/05, 25/07, 87/08), in the range of small and medium enterprises defined by the same Law (on condition that there is no share of the state in the ownership structure of the enterprise), registered in the VAT system according to VAT Law (OG 44/99, 59/99, 86/99, 11/00, 8/01, 21/03, 19/04, 33/06, 101/06, 114/07, 103/08), and are registered for relevant economic business related to food production in accordance with the Law on Food Safety and Products and Materials in Contact with Food (OG 54/02 and 84/07) and Law on Public Veterinary Health, (OG 114/07).

### **1.7.2. Description of Final beneficiaries:**

Definition of small and medium enterprises according to Law on Trade Company (OG 28/04, 84/05, 25/07, 87/08)

- 1) Small enterprises are enterprises which in every of the last two fiscal years or in the first year of their establishment, have met at least two of criteria, as follows: 1. average number of employees, according to work per hour is up to 50 employees and 2. Annual revenues to be less than 2,000,000 EUR in MKD equivalent, total turnover to be less than 2,000,000 EUR in MKD equivalent and 3. Average value (at the beginning and in the end of the fiscal year) of total assets to be less than 2,000,000 EUR in MKD equivalent.
- 2) Medium enterprises are enterprises which in every of the last two fiscal years or in the first year of their establishment, have met at least two of criteria, as follows: 1. average number of employees, according to work per hour is up to 250 employees and 2. Annual revenues to be less than 10,000,000 EUR in MKD equivalent and 3. Average value (at the beginning and in the end of the fiscal year) of total assets to be less than 11,000,000 EUR in MKD equivalent.
- 3) Assistance maybe granted to investments in establishments which are part of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million, giving priority to investments aiming to align the establishment with all the relevant Community standards;
- 4) In case of group of investments 10321 and 10331 (setting up and modernization of collection centers), aid will be granted to agriculture cooperatives established according to the Law on Cooperatives (OG 54/02; 84/05)<sup>128</sup>. The cooperative must be registered in the Central

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<sup>128</sup>

According to the Law on Cooperatives (OG. 54/02 and 84/05) Cooperatives are legal entity established by associates-natural and legal entities for the purpose of representing or protection of certain number of precisely specified economic interests of the coo-perants, in all fields of activity, except banking and insurance and activities which by law are not allowed to set up a cooperative. Minimum number of members to establish the cooperative is three natural or legal entities.

Registry as primarily dealing in agriculture according to the National Classification of Economic Activities (OG 147/08).

#### 1.7.3. Specific definition of beneficiary per priority sector:

The beneficiary dealing in each of the priority sector subject to this measure must be in accordance with the specific definitions of processing capacities per priority sectors as outlined in the table bellow:

Table 4: Size of the capacities of the eligible beneficiaries for Measure 103

Priority sector	Beneficiaries	Group of Investment	m.u.****	Size of eligible beneficiary	
				Min.	Max.
1031 Wine production					
		10311	hl	1,500	55,000
1032 Fruit and vegetable processing					
	-collection center/cooling and storing capacity	10321	tons	500	3,000
	-drying	10322	tons	40	500
	-freezing	10322	tons	500	5,000
	-Preserving/canning	10322	tons	500	5,000
1033 Milk processing and Dairy products					
	-collection center/cooling and storing capacity	10331	lit./day	1,500	30,000
	-processing capacity	10332	lit./day	5,000	100,000
1034 Meat products					
Slaughtering capacity	-poultry	10341; 10342;10343	heads/day	5,500	30,000
	-cattle	10342;10343	heads/day	15	150
	-pigs	10342;10343	heads/day	20	300
	-lamb	10343	heads/day	50	4,000
Meat processing	- processing capacities	10343	tones	2,000	25,000

\*\*\*\* Installed capacities:

- for wine, in hl per year
- for fruit and vegetable, in tons per year
- for milk and dairy, in liters per day
- for slaughtering, in heads per day
- for meat processing, in tones per year

#### 1.7.4. Other requirements (occupational skills etc.)

The beneficiaries (sole proprietor, responsible person of the legal entity, or a manager of agricultural business/cooperative) shall prove professional education achieved in accordance with the Book of rules explaining the means of knowledge testing and issuing certificates for achieved basic knowledge for food hygiene and protection of the environment (OG 118/2005)

according to the Law on Food Safety and Products and Materials in Contact with Food (OG 54/02; 84/07).

In accordance with Article 21 of the SA, ex-post checks shall be carried out within 5 years of the date of final payment to the final beneficiary. Since in case of retirement of the final beneficiary during this period substantial change occurs, the responsible person of the legal entity, at the start of the investment must not be older than 59 years of age for male and 57 for women bearing in mind the age limit for retirement being 64 for man and 62 for women according to the provisions of the Law on pension and social insurance<sup>129</sup>.

The responsible person of the legal entity must be permanently employed.

### **1.8 National legislation in force**

The legislation undergoing harmonisation and the national legislation in force are indicated in Part II of the IPARD Programme-“National Governance Context” as well as listed in Annex 25.

### **1.9 Aid Intensity**

Total public expenditure (national + EU funds) will not exceed a ceiling of 50% of the total eligible cost of the investment.

The financial contribution by the final beneficiaries in relation to the total eligible cost must be 50%.

### **1.10 Financing**

1. The degree of public intervention for the projects of private interest is 50% of which:

- 75% is EU contribution
- 25% from the national budget

Public sector support granted for investments in section 1.4 – “Priority sectors and the type of eligible investments” is up to 50% of the total investment amount eligible for support.

2. Within this program projects of a minimum total eligible cost of the investment of 15,000 Euro (minimum ceiling) and maximum 400 000 Euro (maximum ceiling) will be financed.

- In this context, the applicant applying for projects whose value of the total eligible cost of the investment is below or equal to 400 000 Euro, the investment must be in compliance with Community standards as defined by article 170(1) of Commission Regulation (EC) No 718/2007 of 12 June 2007 at the end of the investment.
- The applicant applying for projects whose value of the total eligible costs of the investment is above 400 000 Euro (but not exceeding the maximum amount of total eligible costs of investment of 800 000 Euro), the investment must bring the establishment in full compliance with Community standards as defined by article 170(1) of Commission Regulation (EC) No 718/2007 of 12 June 2007 at the end of realisation of investment.

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<sup>129</sup> (OG 80/93, 3/94,, 14/95, 71/96, 32/97, 24/00, 96/00, 50/01, 85/03, 50/04, 4/05, , 101/05, 70/06, 153/07, 152/08, 161/08)

However, this maximum ceiling shall be raised up when the following cases apply:

- Financial support with a value exceeding the maximum ceiling of 800,000 Euro but not more than 3,000,000 Euro will be granted only to projects related to setting-up new poultry slaughter-house in full compliance to the Community standards

3. The maximum total eligible investment costs within the programming period 2007-2013 are 1 100 000 EUR per beneficiary. Applicants may submit several projects, provided that the total maximum ceiling is not exceeded and previous projects have finished successfully i.e. the final payment is received. Where national minimum standards based on Community standards have been newly introduced at the time when the application is received, assistance may be granted regardless of non-compliance with those standards on the condition that the establishment shall meet the new standards by the end of realisation of the investment.

The eligible project activities have to take place after the signature of the contract with exception to feasibility and technical studies, in the limit of the percentage approved in the measures. The payment of the financial support will be made on the base of justifying documents, which prove the accomplishing of the activities and their eligibility. For purchase of machinery and equipment, the payment will be made as a single payment at the end of the investment. For investments concerning construction and reconstruction of buildings including equipment, the payment can be made in maximum in two installments, according to beneficiaries' choices. In this case the first instalments shall be paid after the finalisation of the construction or reconstruction works and the second instalment after the installation of the equipment, i.e. at the end of the investments.

The investment expenditures include also the expenditures for preparation of Business Plan and investment project at the rate of maximum 5% of investment project value and maximum 12% in case of technical project for construction for general costs, such as engineers' and consultants' fees, legal fees, feasibility studies for preparing and/or implementing a project.

The planned relative importance of Measure 103: Investments in processing and marketing of agriculture products in relation to the other measures being financed under IPARD is up to 33%. The distribution of the public investment is according to the objectives to be achieved under this measure.

Table 5: Indicative Financial Plan for Measure 103 (2007-2011), in EUR

Year	Total eligible cost	Public expenditure						Private contribution	
		Total		EU contribution		National contribution			
	EUR	EUR	%	EUR	%	EUR	%	EUR	%
1	2=3+9	3=5+7	4=3/2	5	6=5/3	7	8=7/3	9	10=9/2
2007	1,960,000	980,000	50%	735,000	75%	245,000	25%	980,000	50%
2008	6,253,333	3,126,667	50%	2,345,000	75%	781,667	25%	3,126,667	50%
2009	9,520,000	4,760,000	50%	3,570,000	75%	1,190,000	25%	4,760,000	50%
2010	11,000,000	5,500,000	50%	4,125,000	75%	1,375,000	25%	5,500,000	50%
2011	13,653,333	6,826,666	50%	5,120,000	75%	1,706,666	25%	6,826,666	50%
Total	42,386,666	21,193,333	50%	15,895,000.0	75%	5,298,333	25%	21,193,333	50%

Table 6: Indicative breakdown of Measure 103 Budget by priority sector, in EUR

Group of investments		% of the measure 103	EU funds	National Co-financing	Private contribution	Total cost
1031	Wine Production	3%	476,850	158,950	635,800	1,271,600
1032	Fruit and Vegetable Processing	11%	1,748,450	582,817	2,331,267	4,662,533
1033	Milk processing and Dairy Products	20%	3,179,000	1,059,667	4,238,667	8,477,333
1034	Meat Products	66%	10,490,700	3,496,900	13,987,600	27,975,200
	<b>Total</b>	<b>100%</b>	<b>15,895,000</b>	<b>5,298,333</b>	<b>21,193,333</b>	<b>42,386,667</b>

### 1.11 Financing Conditions

- (a) Beneficiaries-legal entities are obliged to keep all accounting records at least 5 years after the investments takes place;
- (b) The beneficiary should collaborate and provide any requested information to the officials of MAFWE, IPARD Agency or European Commission authorised to control and audit the implementation of the project as well as NAO/NF and AA.
- (c) The support will be reclaimed in the case where the supported goods are not used for the purpose intended or in the case, they are sold or leased during a period of 5 years.
- (d) The beneficiary may again apply for support, following the completion and approval of a previous project and reception of final payment for previous completed project.

### 1.12 Geographical Coverage

This measure will apply on the whole territory of the country

### 1.13 Quantified Targets for EU Common Indicators:

Type of indicator	Indicator	Target
Output	Number of establishment supported (2007-2011)	48
	Number of collection centres for milk and fruit and vegetable supported (2007-2011)	11
	Total volume of investment (2007-2011)	38.32Mio. EUR
Result	Number of establishments introducing Community standards	48
Impact		
	Net additional value expressed in PPS	*
	Change in gross value added per annual work unit	*

\* To be completed by means of survey and other evaluation models, carried out by MAFWE, before implementation of the Programme

#### **1.14 Programme Specific Indicators and Quantified Targets**

- Share of modernised establishments (%)
- Share of reconstructed slaughterhouses in full compliance to Community standards (%)
- Share of assisted establishments that have improved milk hygiene requirements according to Community requirements (%)
- Share of assisted establishment that have improved wastewater treatments (%)
- Share of assisted establishments that rationalised production by closing down obsolete capacities (%)

#### **1.15 Supporting Documents**

The potential beneficiary shall attach the required documents to the financing application.

#### **1.16 Implementing Authority**

The Agency for Financial Support of Agriculture and Rural Development (IPARD Agency) represents the Implementing Authority in the country.

### Priority Axis 3

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#### **Measure 302: Diversification and development of rural economic activities**

This measure is applied in accordance with:

- Article 12 (2) of Framework Regulation – Council Regulation (EC) No 1085/2006 [Establishing an instrument for pre-accession assistance (IPA)]
- Article 180 of Commission Regulation (EC) No 718/2007 of 12 June 2007 [Implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)]

#### **1.1 Rationale**

The purpose of the measure is to provide a sound basis for financing projects co-financed by the European Union that are aimed at development and financing of alternative economic activities in rural areas including economic activities on-farm, which will provide diversification of the on-farm income currently depending solely on agriculture.

The development of rural areas in the country has a close relationship with the development of agriculture sector. Agriculture has traditionally been one of the most important sectors in the rural economy and a main source of income for a large portion of the rural population. Still the production tends to be rather volatile and climate dependent, jeopardising the rural livelihoods.

The measure has as a general objective the support for investments, destined to the establishing micro-enterprises and reconstruction of on and off-farm buildings for rural tourism purposes, thus contributing to the increasing of competitiveness and added value of the rural economies, improvement of quality of life and creation of job opportunities at the same time valuing the natural advantages and traditional aspects of the rural communities.

Agricultural activities alone are not able to provide suitable income to the rural inhabitants because of structural delays; therefore, diversifying of the on-farm income with introducing different on farm economic activities in the rural areas is envisaged. In agricultural holdings, this means the search for additional employment and income possibilities in the processing and marketing of agricultural products cultivated on the holding as well as introducing of alternative cash crops.

Consecutively to the set priority for investments under this measure supports is envisaged for building or modernisation of farm houses or buildings of historic/cultural interest in the villages for tourist purposes and investments in development of complementary sports and recreational services or improving the quality of the services or for establishment and/or expansion/modernization of catering businesses respecting the environmental protection and hygiene norms regarding the life environment of the population.

## **1.2 Correlation with other measures**

Within this Programme this measure complements the implementation of the measures under Priority Axis 1 “Investments in Agriculture Holdings” and “Investments in the processing and marketing of agriculture and fishery products to restructure those activities and to upgrade them to Community standards”.

The Measure also complements to the national support scheme through the Programme for Rural Development, SME support as well as corresponding linkage to other donor support and IFI's.

Related national policies, donor and IFI's activities are described in full in Part II.

Investments under this measure cannot be supported by any other IPA components or EU donor assistance or any foreign donor capital-grant scheme. The applicant must provide a statement by own responsibility declaring that he/she is not supported for this investment project under any other IPA programs, or EU donor assistance or any foreign donor capital grant scheme or IFI's.

The IPARD Agency will ensure that all beneficiaries are checked whether they receive funds from other IPA programs, or Community assistance or any foreign donor grant scheme or IFI's that are proposed for financing under IPARD Programme. The IPARD Agency will not accept applications for projects that are financed from any other IPA programs, or Community assistance or any foreign donor grant scheme or IFI's . The IPARD Agency is obliged to check whether the project received is financed from other sources (any other IPA programs, or Community assistance or any foreign donor grant scheme or IFI's) at two stages:

- 1) prior to approval of project;
- 2) prior of approval of payment.

The IPARD Agency will assure that future double financing is avoided by stamping the received invoices for investment with clear "IPARD" stamp by an authorised official before being the subject of a payment from the IPARD Agency.

## **1.3 Objectives**

### **1.3.1. General objective**

The overall objective of this measure is to contribute to the creation of new jobs and to the maintaining of existing jobs through the development of micro-business activities, thus raising the economic activity level of rural areas and stemming rural depopulation. Assistance under this priority shall also contribute to achieve the improvement of the quality of life of the beneficiaries in the rural areas.

In addition this measure aims towards the National Agriculture and Rural Development Objectives:

- Increased income of the rural population through the development and diversification of on-farm and/or off-farm activities;



- Increased economic activities in the rural areas;
- Creation of employment opportunities for rural population;
- Enhance or provide additional mainstream services for the rural economy;
- To provide openings for future economic development, including tourism and craft activities;

#### 1.3.2. Specific objective

- To support the additional sources of sustainable income for agriculture holdings through promoting value added niche products;
- To preserve and to develop traditional handicraft activities;
- To sustain the agricultural activities in the rural area through the accomplishment of specific services;
- To sustain the activities which are specific to the rural tourism;

### 1.4 Priority sectors and the type of eligible investments

Priority shall be given to investments for the creation and development of micro enterprises, crafts and rural tourism. Supported are income-generating investments.

Within the framework of this specific measure, support will be provided for the following group of investments:

#### 3021 Group of investments for support to micro enterprises in the rural areas

**30211 Establishment of on-farm and off-farm processing capacities:** Construction and renovation of buildings for establishment and modernization of processing establishments, including packaging and storage of traditional niche food products using on-farm resources or raw materials from local producers, including the purchase of necessary equipment;

**30212 Establishment and modernization of collection centers for mushrooms and medical/oil herbs and spices and facilities for mushroom cultivation:** Construction, renovation and equipping of collection points/stations for mushrooms and medical/oil herbs and spices, building and modernization of facilities for mushrooms cultivation (spaces for cropping, processing and packing) and facilities for producing compost for mushrooms;

**30213 Establishment of workshops for traditional handicrafts activities and agriculture machinery repair workshops:** Construction and renovation of buildings required for development of traditional handicraft activities including facilities for packaging and marketing of products and selling points; and establishment of repair workshops, including equipment purchase;

#### 3022 Group of investments for promoting rural tourism activities

**30221 Reconstruction of on-farm houses for rural tourism purposes, complemented with recreational facilities:** Investments in renovation, refurbishment and adaptation to safety/hygienic standards (provision of new bathrooms) of on-farm houses or old traditional on-farm houses for providing accommodation, catering, tasting, selling, point, rural museum including investments in recreational facilities;

**30222 Construction of catering premises, outdoor accommodation (camping sites) and recreational facilities:** Construction of catering premises, outdoor accommodation (camping sites) and recreational facilities including investments in complementary installations to meet sanitary, hygienic and environmental requirements;

## **1.5 Eligible criteria**

### **1.5.1. Requirements for the application**

#### *General requirements*

- 1) The applicant must submit an Application Form supported with a set of required documents.
- 2) The applicant must demonstrate prospect of economic viability at the end of realization of the investment through Business Plan. The calculation of the prospect of economic and financial viability of the applicant is according to the Methodology for assessing Business Plan.
- 3) The applicant must demonstrate in the Business Plan that the project shall bring sustainable additional income, which is evidenced by financial feasibility and market for a given product as well as the employment opportunities creation;
- 4) In case of reconstruction and construction of buildings, technical documentation with construction/reconstruction plans must be prepared and submitted with the application-supplement to the Business Plan;
- 5) Investments in application must comply with the minimum national standards regarding the environmental protection, public health, animal and plant health, animal welfare and occupational safety at the time when then decision to grant support is taken (Relevant Legislation Listed in Annex 25).
  - In case of new investments, the Applicant must comply with the minimum national standards for the relevant economic business related to the investment at the end of realization of the investment.
- 6) By derogation from point (5), where national minimum standards based on Community standards have been newly introduced at the time the application is received, assistance may be granted regardless of non-compliance with those standard on the condition that the beneficiary shall meet the new standards by the end of the investment.
- 7) The applicant must have no outstanding liabilities against state in terms of fiscal obligations and financial obligations to the health, social and pension insurance fund;
- 8) The applicant must prove the ability to provide private contribution for the investment;
- 9) The applicant must prove that he/she is the owner of the land/ building or he/she has rent or a concession contract for land/building for a minimum of 5 years, in case of other type of investments, which do not imply construction works. In case where the applicant is renting the building/s

which are subject to construction investment, he/she has to prove the right to use it for a minimum of 10 years; In case of investments in construction of new buildings the Applicant must prove ownership of the land (construction sight);

- 10) If the local rural development strategies, defined in Article 171 (3) (b) of Regulation (EC) No: 718/2007 of 12 June 2007 [Implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)], have been established, investment must be in line with those strategies. If the Municipality has not yet adopted Local Development Strategy by the time of submitting application for grant, the Applicant shall elaborate within the Business Plan the prospects of the investment for the local development of the concerned Municipality where the investment is located.

#### *Specific criteria*

#### **Priority sector 3021 Support to micro enterprises in the rural areas: Group of investments 30211: Establishment of on-farm and off-farm processing capacities**

- 1) The project covering investments in processing capacities must concern the production activities listed in Annex 16;
- 2) The applicant when submitting the project must prove the following:
  - in case of fruit and vegetable processing, he/she owns or rents minimum 0,5 ha fruit or vegetable plantation;
  - in case of milk processing, he/she owns at least 10 dairy cows or 150 ewes or 50 goats in lactation;
  - in case of honey processing and marketing, he/she owns at least 30 bee hives;
  - in case of processing of medicinal/oil plants and spices, he/she owns or rents minimum 0,75 ha of area planted with cultivated medicinal/oil plants and spices according to the List of medical/oil herbs and spices of the country-Annex 4;
  - in case of processing and marketing of mushrooms, he/she owns minimum 30sq. meters of mushroom cultivation;
  - or to have long-term contractual relations (at least annual contracts) with local producers of raw materials for performing the activities listed in Annex 16;
- 3) The project which involves food production must assure that the investments will bring the processing establishment towards achievement of minimum hygiene standards to be respected by the private establishments in order to perform the food production activity as follows:
  - In case the project covers only investment in purchase of specialised processing equipment for off-farm processing establishments, the applicant must assure that the minimum food

safety standards apply according to the Law on Food Safety and Products and Materials in Contact with Food (OG 54/02; 84/07) and/or Law on veterinary public health, (OG 114/07) are respected prior applying for assistance;

- The project which involves extraction of essential oils for cosmetic purposes must assure that the investments will bring the processing establishment towards achievement of minimum national standards according to the Law on safety of cosmetic products (OG 55/07) in case of new investments. In case the project covers only investment in purchase of specialised processing equipment, the applicant must assure that the minimum national standards according to the Law on safety of cosmetic products (OG 55/07) are respected prior applying for assistance;
- In case of investments in on-farm processing establishments for the production activities listed in Annex 16, the applicant must be registered according to provisions of Law of Agriculture and Rural Development (134/2007) prior applying for assistance in case the project covers only investment in purchase of specialised processing equipment; and at the end of the investment in case of setting-up on-farm processing establishment and provide justifying documents when applying for final payment);

**Priority sector 3021 Support to micro enterprises in the rural areas:  
Group of investments 30212: Establishment and modernization of  
collection centers for mushrooms and medical/oil herbs and spices and  
facilities for mushroom cultivation**

- 1) The applicant must be established agriculture cooperative and must have a License for collection wild mushrooms, medical/oil herbs and spices, berries according to the Law on Forests (OG 47/97; 7/00; 89/04; 103/08) and Book of rules for manner of usage and collection of other forests products (OG 54/00) in case the collection center concerns storage of wild mushrooms, medical/oil herbs and spices, berries;
- 2) The applicant must be registered according to the Law on food safety and Products and Materials in Contact with Food (OG 54/02;OG 84/07);
  - In case of new investments for setting-up collection centre for mushrooms or medical/oil herbs and spices, the applicant must be registered according to provisions of the Law on food safety and Products and Materials in Contact with Food (OG 54/02;OG 84/07) at the end of the investment and provide justifying documents when applying for final payment.

**Priority sector 3021 Support to micro enterprises in the rural areas:  
Group of investments 30213: Establishment of workshops for traditional  
handicrafts activities:**

- 1) The applicant for handicrafts must be registered according to the provisions of Craft Act (OG 62/04, 55/07) and be a member of a Crafts Association. Traditional handicrafts, eligible for the support, are those

listed in Annex 17;

- 2) The applicant must demonstrate in the Business Plan that a project shall bring sustainable additional income and additional employment, which is evidenced by financial feasibility and market for a given product.

**Priority sector 3022 Support to rural tourism activities: Group of investments 30221: Reconstruction of on-farm houses for rural tourism activities complemented with recreational facilities**

- 1) The project concerning reconstruction of wine cellars or on-farm houses on vineyards for rural tourism purposes must be located in the vine regions of Municipalities Kavadarci, Negotino, Demir kapija and Rosoman;
  - In case of reconstruction of on-farm houses on vineyards and/or wine cellars, the applicant must have minimum annual production capacity equivalent to 20hl and maximum annual production capacity equivalent to 400hl and be registered according to the Law of Agriculture and Rural Development (OG 134/2007) providing justifying documents when applying for final payment;
  - The investment must be complemented with tourist activities (on-farm) including investments in sale points, room for wine testing's with maximum capacity of 30 people, and the total eligible costs of the concerned investment in tourist activities should not exceed 25% of the total eligible costs of the investment (excluding the total eligible cost of investment concerning general costs) foreseen within the project.
- 2) The maximum amount of bed-places to be achieved by the investment is maximum 10 rooms (20 beds) and maximum catering capacity to serve 50 guests, according to the provisions of the Article 46 and Article 53 of Law on catering services (OG 62/04, 89/08). In accordance with this rule, restoration and refurbishment of existing accommodation capacity is limited to those tourist structures;
- 3) Provision of electricity, water supply and road connection have to be according to the Urban and Spatial plans of the concerned Municipality where the project is located;
- 4) The comfort level and quality of services rendered must comply to the Table of Minimum Quality Standards in Annex 19, derived from EUROGITIS classification for rural accommodation – 2005 at the end of the investment;
- 5) The applicant must provide written consent of the Municipality that he/she is registered provider of rural accommodation according to the Law on catering services (OG 62/04, 89/08) at the end of the investment and provide justifying documents when applying for final payment;
- 6) Provision of recreational facilities must not be stand alone investment but complemented to the provision of rural accommodation;
- 7) The projects aiming to construction and reconstruction of existing houses/buildings or to set up new capacities/facilities within the existing

buildings, must be carried out adopting the traditional style of the village on a project designed by an authorized architect. The Business Plan concerning adaptation of rural buildings for rural tourism purposes must include brief elaboration of the construction style and materials used of the traditional buildings in the rural settlements or if outside of the settlement, the construction style of the nearest rural settlements supported with photographic evidence;

- In case when the building is listed as Protected Cultural Heritage or it is in the Cultural Heritage Protected Zones, the applicant, in addition to the other requirements, has to comply with the provisions set in the Law on Protection of the Cultural Heritage (OG 20/04 and 115/07), and compliance towards the National Programme for Culture 2004-2008 (OG 31/98; 29/2003). The applicant has also to receive the opinion of the Directorate for Protection of the cultural heritage at the Ministry of Culture on the proposed investment.

**Priority sector 3022 Support to rural tourism activities: Group of investments 30222: Construction of catering premises, outdoor accommodation (camping sites) and recreational facilities**

- 1) The projects aiming to construction and reconstruction of existing houses/buildings or to set up new capacities/facilities within the existing buildings, must be carried out adopting the traditional style of the village on a project designed by an authorized architect. The Business Plan concerning adaptation of rural buildings for rural tourism purposes must include brief elaboration of the construction style and materials used of the traditional buildings in the rural settlements or if outside of the settlement, the construction style of the nearest rural settlements supported with photographic evidence;
  - In case when the building is listed as Protected Cultural Heritage or it is in the Cultural Heritage Protected Zones, the applicant, in addition to the other requirements, has to comply with the provisions set in the Law on Protection of the Cultural Heritage (OG 20/04 and 115/07), and compliance towards the National Programme for Culture 2004-2008 (OG 31/98; 29/2003). The applicant has also to receive the opinion of the Directorate for Protection of the cultural heritage at the Ministry of Culture on the proposed investment.
- 2) Provision of electricity, water supply and road connection have to be according to the urban and spatial plans of the concerned Municipality where the project is located;
- 3) The applicant must provide written consent of the municipality that he/she is registered provider of rural accommodation according to the Law on catering services (OG 62/04, 89/08) at the end of the investment and provide justifying documents when applying for final payment;
- 4) Provision of recreational facilities must not be stand alone investment but complemented to the provision of rural accommodation;
- 5) The applicant must have a concession for utilizing fish ponds or river basins or forests according to the national legislation requirements;

- 6) The project must involve investments to meet sanitary, hygienic and environmental requirements;

#### 1.5.2. Eligible expenditure

- 1) All the investment provided for at Paragraph 1.4 – “Priority sectors and the type of eligible investments”
- 2) The eligible expenditures are:
  - (a) Construction of new buildings and installations and reconstruction of the existing ones. Eligible expenditure shall be limited to the construction or improvement of immovable property;
  - (b) The purchase of new machinery and equipment, including computer software up to the market value of the asset shall be considered as eligible;
    - Co-financed new machinery and equipment must come from MS, CCs, potential CCs, countries benefiting from the "European Neighbourhood and Partnership Instrument" and other countries where reciprocal access to their external assistance has been established by the Commission (Article 19 of IPA Council Regulation)
  - (c) General costs linked to expenditure referred to in points (a) and (b), such as architects', engineers' and other consultation fees, feasibility studies, the acquisition of patent rights and licences shall be eligible up to a ceiling of 12% of the costs referred to in points (a) and (b) according to the following conditions:
    - a. for projects with eligible expenditure of the investments referred to in points (a), (b) and (c) of at least € 1 million and no more than € 3million, the business plan preparation costs cannot be greater than 4% of the eligible expenditure of these investments; and
    - b. for projects with eligible expenditure of the investments referred to in points (a), (b) and (c) less than € 1 million, the business plan preparation costs cannot be greater than 5% of the eligible expenditure of these investments.

The eligible expenditures are specified in the List of eligible Expenditures as accepted by the Commission.

- 3) Not eligible expenditures are those listed in Article 32 paragraph 4 of the Sectoral Agreement;

#### 1.6 Priority criteria

*Priority shall be given to projects, which demonstrate the following criteria:*

N.	CRITERION	INDICATOR	SCORE	Maximum points per criterion

1	Project location:	- if the investment is located in Municipalities with rural centres, hilly and mountainous settlements, near border settlements, economically underdeveloped or specific regions as in Annex 18;	15	35
		- if the investment located in Municipality adjacent to Natural Protected Zones as in Annex 23	10	
		- If the investment located in Municipality adjacent to Cultural heritage or Archaeological sites designated according to the Law on Cultural Heritage Protection (OG 20/04, 115/07)	10	
2	Creation of employment opportunities	- if the investment provides opportunity for at least 5 up to 10 new employments;	15	15
		- if the investment provides opportunity for at least 3 new employments;	10	
		- if the investment provides opportunity for at least 1 new employment;	5	
3	Preservation of traditions and heritage	- if the investments respects the traditional features of the rural area where located (traditional exterior and interior design of the buildings, traditional recipes, cuisine, handcrafts etc.)	20	20
4	Promoting partnership actions	Joint projects involving private partnership between different rural economic agents	10	10
5	Improvement of gender and age structure in rural areas	Investments promoted by women	10	20
		Investments promoted by youth (between 18 to 40 years of age)	10	
	TOTAL			100

In the process of evaluation, the eligibility criteria will be checked first. In case the application meet these requirements the Business Plan will be assessed and future evaluation will be done according the selection criteria laid down in the scoring table, in order to be sure that the project meets the objectives of the measure.



The process for approval of projects is according to the procedures of the IPARD Agency.

## **1.7 Beneficiaries**

### **1.7.1. General definition of beneficiaries**

Aid will be granted to an individual agriculture producer/natural person, cooperative and any legal entity which is registered in the Farm Registry established within MAFWE in accordance with the Law on Agriculture and Rural Development (OG 134/2007).

Aid will be granted to economically viable craft enterprises registered according to the Craft Act (OG 62/04, 55/07) that have the potential for carrying out the project in the rural areas.

Aid will be granted to economically viable private legal entities registered according to Law on Trade Company (OG 28/04, 84/05, 25/07, 87/08), in the range of micro - enterprises defined by the same Law, and are registered, for relevant economic business related to food production in accordance with the Law on Food Safety and Products and Materials in Contact with Food (OG 54/02; 84/07) and Law on Public Veterinary Health, (OG 114/07).

All the beneficiaries must be in the range of micro-enterprises: Micro enterprises are enterprises which in every of the last two fiscal years or in the first year of their establishment, have met the criteria, as follows: 1. average annual number of employees, according to full time equivalents<sup>130</sup> is up to 10 employees and 2. Realized gross income of the enterprise of any source to not exceed 50 000 Euro in MKD equivalent amount.

### **1.7.2. Description of Final beneficiaries:**

Since this measure targets various fields of rural economic activities, the definition of targeted beneficiaries applies accordingly with respect to the national definitions applied in different legislative acts.

- Individual producer is a natural person who is dealing in agriculture on his/her own account being the owner of a farm or who has the right to use the farm obtained through a legal agreement by the owner and is registered in the Farm Registry established within MAFWE in accordance with the Law on Agriculture and Rural Development (OG 134/2007);
- Sole proprietor, in accordance with the Law on Trade companies (OG 28/04, 84/05; 25/07; 87/08);
- Privately owned commercial company established in accordance to the Law on Trade companies (OG 28/04; 84/05; 25/07; 87/08);
- Cooperatives established according to the Law on Cooperatives (OG 54/02; 84/05)<sup>131</sup>;

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<sup>130</sup> The full time equivalent is not more than 40 hours or not less than 36 hours per week per employee (Article 116 Law on Labour OG 62/2005)

<sup>131</sup> According to the Law on Cooperatives (OG. 54/02 and 84/05) Cooperatives are legal entity established by associates-natural and legal entities for the purpose of representing or protection of certain number of precisely specified economic interests of the cooperates, in all fields of activity, except banking and insurance and activities which by law are not allowed to

- Craftsmanship registered according to the Craft Act (OG 62/04, 55/07)
- Natural persons and Legal entities (sole proprietor and privately owned commercial companies established in accordance to the Law on Trade companies (OG 28/04; 84/05; 25/07; 87/08) which are entering into agriculture activities subject to fulfilling the specific requirements as in section 1.7.3 Specific definition of beneficiary per priority sector.

1.7.3. Specific definition of beneficiary per priority sector:

**Priority sector 3021 Support to micro enterprises in the rural areas:**

a) For establishment of processing units

- Individual agricultural producers who are registered in the Farm registry according to the Law on Agriculture and rural development (OG 134/2007) for additional activity,
- Registered sole-proprietor, micro-enterprise or crafts for off-farm food processing establishment;

b) For establishment of collection centres,

- Agriculture cooperatives;

c) For support aim at craftsmanship

- Individual agricultural producers who are registered in the Farm registry according to the Law on Agriculture and rural development (OG 134/2007) for additional activity;
- Craftsman registered according to the Craft Act (OG 62/04,55/07) as well as sole proprietors and trade companies (performers of craft activity) registered for performing craft activity according to the Law on trade companies (OG 28/04; 84/05; 25/07; 87/08).

**Priority sector 3022 Support to rural tourism activities**

The main beneficiaries for the rural tourism purposes are:

- Individual agricultural producers who are registered in the Farm registry according to the Law on Agriculture and rural development (OG 134/2007) and for additional activity;
- Owners of old traditional on-farm buildings who have registered as sole-proprietor, crafts or legal entity in the size of micro-enterprises;
- Owners/concessionaires of fish ponds or concessionaires of waters for angling, for better utilisation of the economic value of the natural resources according to the Law on aquaculture and fisheries (OG. 18/2008);

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set up a cooperative. Minimum number of members to establish the cooperative is three natural or legal entities.

- Owners of private forests for better utilisation of the economic value of the natural resources according to Law on Forests (OG 47/97; 7/2000; 89/04; 103/08);

#### 1.7.4. Other requirements (occupational skills etc.)

The beneficiaries shall prove professional education achieved

- In accordance with the Book of rules explaining the means of knowledge testing and issuing certificates for achieved basic knowledge for food hygiene and protection of the environment (OG 118/2005) according to the Law on Food Safety and Products and Materials in Contact with Food (OG 54/02; 84/07);
- According to the Law on vocational training (OG 71/06) certificate can be obtained in institutions for vocational education and training (schools for vocational training and centres for vocational training);
- According to the Craft Act (OG 62/04; 55/07), craftsman can perform craft activity if: he/or she has appropriate qualified education or appropriate qualified skills for providing certain craft activity or employs a person with such education and skills.

In accordance with Article 21 of the SA, ex-post checks shall be carried out within 5 years of the date of final payment to the final beneficiary. Since in case of retirement of the final beneficiary during this period substantial change occurs, the responsible person of the legal entity, must not be older than 59 years of age for male and 57 for women bearing in mind the age limit for retirement being 64 for man and 62 for women according to the provisions of the Law on pension and social insurance<sup>132</sup>.

The responsible person of the legal entity must be permanently employed.

### 1.8 National legislation in force

The legislation undergoing harmonisation and the national legislation in force are indicated in Part II of the IPARD Programme-“National Governance Context” as well as listed in Annex 25.

### 1.9 Aid Intensity

Total public expenditure (national + EU funds) do not exceed a ceiling of 50% of the total eligible cost of the investment.

The financial contribution by the final beneficiaries in relation to the total eligible cost must be 50%.

### 1.10 Financing

The degree of public intervention for the projects of private interest is 50% of which:

- 75% is EU contribution
- 25% from the national budget

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<sup>132</sup>

(OG 80/93, 3/94, 14/95, 71/96, 32/97, 24/00, 96/00, 50/01, 85/03, 50/04, 4/05, 101/05, 70/06, 153/07, 152/08, 161/08)

Public sector support granted for investments in Paragraph 1.4 – “Priority sectors and the type of eligible investments” is up to 50% of the total investment amount eligible for support.

Within this program, projects of a total eligible costs of investment between 5,000 Euro (minimum ceiling) and 200,000 Euro (maximum ceiling) will be financed.

The maximum total eligible costs within the programming period 2007-2013 are 250.000 EUR per beneficiary. Applicants may submit several projects, provided that the total maximum ceiling is not exceeded and previous projects have finished successfully i.e. the final payment is received.

The eligible project activities have to take place after the signature of the contract with exception to feasibility and technical studies, in the limit of the percentage approved in the measures. The payment of the financial support will be made on the base of justifying documents, which prove the accomplishing of the activities and their eligibility. For purchase of machinery and equipment the payment will be made as a single payment at the end of the investment. For investments concerning construction and reconstruction of buildings including equipment, the payment can be made in maximum 2 installments according to beneficiaries' choices. In this case the first instalments shall be paid after the finalisation of the construction or reconstruction works and the second instalment after the installation of the equipment, i.e. at the end of the investments.

The planned relative importance of Measure 302: Diversification of rural economic activities in relation to the other measures being financed under IPARD is up to 16%. The distribution of the public investment is according to the objectives to be achieved under this measure.

Table 7: Indicative Financial Plan for Measure 302 (2007-2011), in EUR

Year	Total eligible cost	Public expenditure						Private contribution	
		Total		EU contribution		National contribution			
	EUR	EUR	%	EUR	%	EUR	%	EUR	%
1	2=3+9	3=5+7	4=3/2	5	6=5/3	7	8=7/3	9	10=9/2
2007	1,008,000	504,000	50%	378,000	75%	126,000	25%	504,000	50%
2008	3,216,000	1,608,000	50%	1,206,000	75%	402,000	25%	1,608,000	50%
2009	4,896,000	2,448,000	50%	1,836,000	75%	612,000	25%	2,448,000	50%
2010	5,000,000	2,500,000	50%	1,875,000	75%	625,000	25%	2,500,000	50%
2011	5,546,667	2,773,333	50%	2,080,000	75%	693,333	25%	2,773,333	50%
Total	19,666,667	9,833,333	50%	7,375,000	75%	2,458,333	25%	9,833,333	50%

Table 8: Indicative breakdown of Measure 302 Budget by priority sector in EUR

Group of investment		% of the measure 302	EU funds	National Co-financing	Private contribution	Total cost
3021	Support to Micro enterprises	53%	3,908,750	1,302,917	5,211,667	10,423,333

<b>3022</b>	<b>Support to rural tourism activities</b>	<b>47%</b>	3,466,250	1,155,416	4,621,666	9,243,333
	<b>Total</b>	<b>100%</b>	<b>7,375,000</b>	<b>2,458,333</b>	<b>9,833,333</b>	<b>19,666,666</b>

### 1.11 Financing Conditions

- Beneficiaries are obliged to keep all accounting records at least 5 years after the investments take place;
- The beneficiary should collaborate and provide any requested information to the officials of MAFWE, IPARD Agency or European Commission authorised to control and audit the implementation of the project as well as NAO/NF and Auditing Authority.
- The beneficiary may again apply for support, following the completion and approval of a previous project and reception of final payment for previous completed project.
- The investment must not undergo substantial modification within 5 years period after the investment take place;

### 1.12 Geographical Coverage

The projects will be placed in the rural area according to a Government Decree on the Criteria for designation of Rural Areas (O.G 137/08) and complementary List of rural areas (O.G 154/08).

### 1.13 Quantified targets for EU common indicators:

Type of indicator	Indicator	Target
Output	Number of enterprises supported (2007-2011)	<b>114</b>
	Number of on-farm investments	<b>66</b>
	Number of traditional handicrafts	<b>13</b>
	Number of rural tourism activities supported	<b>35</b>
	Total volume of investment	<b>16.053 Mio Euro</b>
Result	Number of jobs created	<b>66</b>
Impact	Net additional value expressed in PPS	*
	Change in gross value added per annual work unit	*

\* To be completed by means of survey and other evaluation models, carried out by MAFWE

### 1.14 Programme specific indicators and quantified targets

#### Monitoring indicators:

- Number of projects diversifying economic activity (N)
- Number of beds in rural tourism (N)

- Number of people with improved working conditions N /to be monitored/

**Evaluation indicators:**

- Decrease of out-migration % /to be monitored/
- Increase of the estate and the immovable property prices in the area % /to be monitored/
- Areas with improved landscape or environment Ha /to be monitored/
- Number of new jobs for rural dwellers Additional income provided to the rural household regional GDP/to be monitored/
- Additional income provided to the rural household regional GDP /to be monitored/

**1.15 Supporting Documents**

The potential beneficiary shall attach the required documents to the financing application.

**1.16 Implementing Authority**

The Agency for Financial Support of Agriculture and Rural Development (IPARD Agency) represents the Implementing Authority in the country.

## Measure 501: Technical Assistance

This measure is applied in accordance with:

- Article 182 of Commission Regulation (EC) No: 718/2007 of 12 June 2007 [Implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)]

### 1.1 Rationale

The measure covers the provision of the service of technical assistance. This service is justified to support costs associated with implementation of the Programme as set out in paragraph 1.4 Scope of aid.

The measure concerns only technical assistance provided for on the basis of Article 182 of Commission Regulation (EC) No: 718/2007 of 12 June 2007 [Implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)].

### 1.2 Correlation with other measures

This Measure will provide coverage of technical assistance needs for all the measures of the Programme.

### 1.3 Objectives

The aims of this measure are to assist in particular in implementation and monitoring of the programme and its possible subsequent modification. In support of these aims, the objectives include:

- to provide support for the monitoring of the programme
- to ensure an adequate flow of information and publicity
- to support studies, visits and seminars
- to provide support for external expertise
- to provide support for the evaluation of the programme
- to provide support for the future implementation of a national rural development network

### 1.4 Scope of Aid

Under this measure the following actions are eligible provided they are covered by a technical assistance action plan previously approved by the Monitoring Committee and that each specific activity is approved by the Chairperson of the Monitoring Committee before its implementation:

**5051 Expenditures on meetings of the Monitoring Committee, including cost of all experts and other participants, where their presence is considered to be necessary to ensure the effective work of the committee.**

**Description:** The sub-measure will support setting up of the Sectoral Monitoring Committee and its monitoring activities, specifically including: studies and surveys of the Programme implementation contracted and realised via expert assistance, interpretation and translation, contracting of companies or external experts and/or fixed-term employment of personnel for the performance of monitoring, payment of costs associated with the Sectoral Monitoring Committee operation and activities, i.e. editing, per diem and

travelling, and other costs of meetings, etc. Fees for the Sectoral Monitoring Committee members and ordinary administrative expenses associated with the Programme management and civil servants normally hired are excluded

**5052 Other expenditure necessary to discharge responsibilities of the Monitoring Committee which falls under the following categories:**

- expert assistance to consider and review programme baselines and indicators;
- experts to assist or advise the Monitoring Committee concerning implementation and functioning of the monitoring arrangements;
- expenditure associated with meetings and ancillary tasks of working groups;
- seminars.

**5053 Expenditure on information and publicity campaigns, including costs of printing and distribution.**

**Description:** The sub-measure shall incorporate actions of:

- preparation and publication of the informational materials (such as brochures, leaflets, newsletters);
- organization of general public awareness campaign (throughout officials workshops, conferences and information seminars);
- promotion of information exchange and collaboration initiatives between potential beneficiaries, journalists and central/local government (through surveys and technical assistance in the identification of areas and situations with similar interests and common workshops to analyse and disseminate individual experiences)
- training of trainers (advisory services-both private and public, to support the beneficiaries in the application process);

**5054 Cost of translation and interpretation provided in response to requests by the Commission, not including those required pursuant to application of the framework, sectoral and financing agreements.**

**5055 Expenditure associated with visits and seminars. Each visit and seminar shall require the submission of a timely written report to the Monitoring Committee.**

**5056 Expenditure associated with the preparation of measures in the programme to ensure their effectiveness including those measures where application is foreseen at a later stage.** Such preparatory activities also cover the "acquisition of skills" to prepare for the implementation of the measure "Preparation and implementation of local rural development strategies" until such measure is accredited.

**Description:** As to ensure effectiveness in implementation of the measures in the programme, activities related to the preparation of measures, including those measures whose application is foreseen at a later stage, are envisaged.

The sub-measure consists of conducting studies and research activities in support of:



a) Measures to be considered in the programming period 2007-2013 in principle including, but is not limited to:

- preparation of feasibility study for rendering plant including technical documentation, design and Bill of Quantity),
- study of the potentials for rural tourism development in selected areas, research on the integrated development of selected areas, by means of natural, historic, cultural and handicraft resources, typical agricultural products, sports and/or recreational activities to be performed,
- research on the training requirements of potential beneficiaries, in the various sectors envisaged and preparation of specific training programmes/curricula;

b) Future measures planned for the next programming period of 2011-2013 such as, but not limited to:

- Feasibility Study on establishment of CMO for fruit and vegetable with particular emphasis on setting-up of producer groups and introduction of improvement of the market chain for fresh fruit and vegetable;
- Study on the current situation of the Rural Infrastructure;
- Preparation of National Agriculture Training Strategy for the implementation of the operations envisaged improvement of occupational skills and competence of persons engaged in agriculture sector;
- Preparation of National Agri-environment Plan and future measures;
- Introduction of Leader approach and local action groups.

**5057 Expenditure for evaluations of the programme required pursuant to the provisions of Article 63 of Sectoral Agreement.**

**Description:** The sub-measure shall incorporate actions of contracting of experts or companies for technical studies and evaluations or procedural evaluations so as to improve the final results of the Programme measures.

**5058 Expenditure associated with the establishment and operation of a national network supporting the coordination of activities preparing and implementing local rural development strategies.** This can also cover expenditure associated with the future establishment of a national rural development network in line with the EU rules for Member States as well as the expenditure linked to participation in the European Network for Rural Development established by Article 67 of Council Regulation (CE) No 1698/2006.

**Description:** As stipulated in Article 183 of the Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006, the beneficiary countries and organisations established in the beneficiary countries and administrations of beneficiary countries active in the field of rural development shall have access to the European Network for Rural Development<sup>133</sup>. In order to establish and operate of a national rural network capable to coordinate activities of preparation and implementation of local rural development strategies, a technical and organizational support is foreseen This can also cover expenditure associated with the future

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<sup>133</sup>

established by Article 67 of Council Regulation (CE) No 1698/2005

establishment of a national rural development network in line with the EU rules for Member States as well as the expenditure linked to participation in the European Network for Rural Development established by Article 67 of Council Regulation (CE) No 1698/2006

### 1.5 Final Beneficiaries

The beneficiary of activities under the measure for Technical Assistance is the Managing Authority delegated to the Ministry of Agriculture, Forestry and Water Economy.

### 1.6 Eligibility Criteria

Eligible expenditure shall be reported on in the context of the annual report. The expenditure may be based also on flat rate amounts (such as per diem), in accordance with the terms and rates applied in the public sector of the country for similar actions where no Community co-finance is involved. All expenditure as regards experts and other participants will be limited to those from and going to applicant countries and Member States.

For this measure, actions financed or foreseen to be financed within twinning covenants or other projects supported under other IPA components will not be eligible.

### 1.7 Indicators

- Number of promotion materials for general information of all interested parties (leaflets, brochures etc): N/to be monitored/
- number of publicity campaigns: N/to be monitored/
- number of expert assignments supported: N/to be monitored/
- number of workshops, conferences, seminars: N/to be monitored/
- number of meetings of the Monitoring Committee: N/to be monitored/
- number of studies on elaboration and implementation of Programme measures: N/to be monitored/
- number of Programme evaluation reports: N/to be monitored/
- Number of rural networking actions supported: N/to be monitored/

### 1.8 Financial Dispositions

The Community contribution shall be limited to

- 80% in the case of activities covered by Article 182, where those activities are not taken at the initiative of the Commission;
- 100% in the case of activities covered by Article 182, where those activities are taken at the initiative of the Commission;

Table 9: Indicative Financial Plan for Measure 501 (2007-2011), in EUR

Year	Total eligible cost	Public expenditure					
		Total		EU contribution		National contribution	
		EUR	%	EUR	%	EUR	%
1	2=3	3=5+7	4=3/2	5	6=5/3	7	8=7/3
2007	105,000	105,000	100%	84,000	80%	21,000	20%
2008	335,000	335,000	100%	268,000	80%	67,000	20%
2009	510,000	510,000	100%	408,000	80%	102,000	20%
2010	625,000	625,000	100%	500,000	80%	125,000	20%

2011	800,000	800,000	100%	640,000	80%	160,000	20%
<b>Total</b>	<b>2,375,000</b>	<b>2,375,000</b>	<b>100%</b>	<b>1,900,000</b>	<b>80%</b>	<b>475,000</b>	<b>20%</b>

Table 10: Indicative breakdown of Measure 501 Budget by Group of expenditures, in EUR

Code	Group of expenditure	% of the measure 501	EU contribution	National Contribution	Total cost
5011	Monitoring of the Programme implementation and support of the activities necessary to discharge the responsibilities of the IPARD Monitoring Committee	3%	57,000	14,250	71,250
5012	Evaluation of the programme and assistance necessary to perform the on-going evaluation	27%	513,000	128,250	641,250
5013	Information and publicity actions	30%	570,000	142,500	712,500
5014	Studies in preparation of programme measures and measures implementation	26%	494,000	123,500	617,500
5015	Establishment and operation of National Rural Networks	12%	228,000	57,000	285,000
5016	Other support provided	2%	38,000	9,500	47,500
	<b>Total</b>	<b>100%</b>	<b>1,900,000</b>	<b>475,000</b>	<b>2,375,000</b>

## 1.9 Financing Conditions

- Beneficiaries are obliged to keep all accounting records at least 5 years after the investments take place;
- The beneficiary should collaborate and provide any requested information to the officials of IPARD Agency or European Commission authorised to control and audit the implementation of the assistance as well as NAO/NF and Auditing Authority.

## 1.10 Implementing arrangements

The Measure shall be in accordance with the provisions of Article 23 of the FwA and Article 33 of the Sectoral Agreement<sup>134</sup> on rules of procurement and the relevant provisions as covered by the Commission decision to confer management of aid on the management and control system in the country.

The Instruction and the Manual, including the forms required for the implementation of the functions and procedures, shall be prepared by the Managing Authority in cooperation with the IPARD Agency in order to ensure transparency of the implementation procedure of the Measure.

The IPARD Agency is responsible for implementing the Measure.

Following the accreditation criteria, the Managing Authority carries out the following functions:

- preparation of public tender or call for tenders referring to activities under the Measure;

<sup>134</sup> Law on ratification of the Framework Agreement (OG 18/2008 from 05.02.2008) and Law on ratification of the Sectoral Agreement (OG 165/2008 from 30.12.2008).

- procedure for the award of low-value contracts;
- checking of tenders received under a public tender or call for tenders for their compliance with the terms and criteria of a public tender, and/or award of low-value contracts;
- selection of the supplier;
- definition of contractual obligations between the Managing Authority and the supplier;
- monitoring of activities in order to secure good performance;
- drawing-up of implementation reports for the Measure on the basis of indicators;
- checking the performance with regard to payment eligibility and adequate use of earmarked funds;
- checking of payment claims;
- determination of amounts approved to a supplier;
- procedure for repayment of inadequately used earmarked funds

The procurement procedures and implementation manual shall be in accordance with Article 33 of the Sectoral Agreement.

### **1.11 National legislation**

For the purpose of implementing the Technical Assistance Measure, the provisions of the Law on Public Procurement and the Law on Budget will apply as basis for procedures and manuals preparation.