

Priority Axis 3

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 EUROGITES 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 equivalents¹³⁰ is up to 10 employees and 2. Realized gross income of the enterprise of any source to not exceed 50000 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.

¹³⁰ 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)

- 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)¹³¹;
- 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)

¹³¹ 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.

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);
- 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 insurance¹³².

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

1.8 National legislation in force

¹³² (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)

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

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 approximately 18%. 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	%		
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	3,200,000	1,600,000	50%	1,200,000	75%	400,000	25%	1,600,000	50%
2011	3,733,333	1,866,667	50%	1,400,000	75%	466,667	25%	1,866,667	50%
Total	16,053,333	8,026,667	50%	6,020,000.0	75%	2,006,667	25%	8,026,667	50%

Table 8: 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%	3,190,600	1,063,533.4	4,254,133.4	8,508,266.7
3022	Support to rural tourism activities	47%	2,829,400	943,133.3	3,772,533.3	7,545,066.7
	Total	100%	6,020,000	2,006,666.7	8,026,666.7	16,053,333.4

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)	114
	Number of on-farm investments	66
	Number of traditional handicrafts	13

	Number of rural tourism activities supported	35
	Total volume of investment	16.053 Mio Euro
Result	Number of jobs created	66
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 local employment/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.