

INVESTMENTS IN PHYSICAL ASSETS CONCERNING PROCESSING AND MARKETING OF AGRICULTURAL AND FISHERY PRODUCTS

Milk (103-1)

General Objectives

To contribute to Turkey's preparation for the implementation of the *acquis communautaire* concerning the Common Agricultural Policy and related policies for Turkey's accession to the EU.

To contribute to the sustainable adaptation of the food processing sector and facilitate the competition in the internal market by;

- opening new market opportunities for agricultural products
- introducing new technologies and innovation
- putting emphasis on alignment to EU standards

Specific Objectives

- ⇒ Treatment of waste, utilisation of renewable energies and supporting environmentally friendly investments.
- ⇒ Contribution to employment by creating new jobs.

Specific to the sector;

- Improving cold chain for milk collection and processing, increasing production capacities and improving quality of milk products of small and medium size milk collection centres and milk processing establishments. Improving the competitiveness of medium scale milk processing establishments and enabling their compliance with environmental standards are also among the specific objectives of this measure.

Final recipients

The investments supported under this measure are defined in the eligibility criteria given in the following paragraphs.

This measure will be open for;

- All legal entities and natural persons defined as small and medium enterprises⁷ in Regulation 2012/3834 and its future amendments.

Common eligibility criteria

- At the time of application, with the exception of new enterprises, applicants are expected to be in line with the mentioned laws and regulation below: Law 5996 on Veterinary Services, Plant Health, Food and Feed.
- Law 6331 on Occupational Health and Safety.
- Law 2872 on Environments

- Regulation on Business and Working Permit Licence published in the Official Journal no 25902 dated 10.08.2005.
 - For the sub-sectors, the linked secondary legislation of these laws and regulations, and future amendments of these laws and regulations shall be respected.
 - At the end of the investment period, the investment shall meet the relevant EU standards applicable to it.
 - In case of the setting up of a new enterprise, the recipient should provide the certificates required pursuant to the above mentioned laws at the end of the investment.
 - Applicants should submit a business plan in accordance with the requested format by the IPARD Agency. The business plan should demonstrate the economic viability of the enterprise at the end of the realization of the investment. The economic viability of the investment will be verified against the criteria listed in Annex III. For smaller investments a simplified business plan will be submitted.
 - The establishments listed on the website of the EU (DG SANCO) as an EU approved third country establishment for the specific category of food of animal origin, are not eligible to support for only the relevant applied sub sectors.
 - Existing enterprises, which have a built-in daily capacity below the minimum capacity limit indicated under the specific eligibility criteria for the applied sub-sector, but which prove that they will have at least the minimum capacity indicated under the specific eligibility criteria for the applied sub-sector after the completion of the investment, shall be eligible.
 - The setting up of a new enterprise is eligible in milk processing, milk collection, red meat slaughterhouses, red meat cutting plants, poultry slaughterhouses (in Kastamonu, Mersin, Çankırı), poultry cutting plants (in Kastamonu, Mersin, Çankırı), fruit and vegetable processing and fish processing with the condition that there is no overcapacity in the province at the application stage.
 - In case of a new enterprise, the new enterprise should respect the relevant capacity criteria given below for each sector at the end of the investment.

Specific eligibility criteria (per sector)

The total capacity of the enterprises owned by the applicant which are operating in the same sector with the investment and are located in the same province with the investment area should not exceed (including the capacity of the investment) the capacity limits stated below at the end of the investment.

Milk and milk products

- Milk processing enterprises should have minimum 10 tonnes and maximum 70 tonnes of built-in daily processing capacity at the end of the investment.
- Milk collection centre should have maximum 70 tonnes/day collection capacity at the end of the investment.
- At the end of the investment period, the investment should meet occupational safety, EU hygiene (with the exception of raw milk) and structural standards (referring to EC 852/2004, EC 853/2004) and EU environmental standards.

Eligible expenditure

Eligible expenditure in accordance with Article 172(2) of Regulation (EC) 718/2007, is limited to:

- the construction or improvement (but not acquisition) of immovable property;
- Construction of new slaughterhouses and cutting plants for red meat
- The purchase of new machinery and equipment including computer software up to the market value of the asset;
- General costs linked to expenditure referred to under the previous points, such as architects', engineers' and other consultation fees, feasibility studies, the acquisition of patent rights and licences up to a ceiling of 12% of the costs referred to under the previous points, and of which the costs for business plan preparation are at maximum 4% of the eligible expenditure value, not exceeding 6,000 Euro.

Investments at retail level are not eligible.

Common to all sectors

- Equipment for improvement of hygiene and product quality, in full compliance with EU standards
- Investment necessary to introduce procedures based on HACCP principles investment for environmental protection, equipment and facilities for reprocessing of intermediate products and treatable waste; treatment and elimination of waste,
- Purchase of machinery/ equipment and construction works for renewable energy production for self-consumption
- Purchase of equipment for packaging,
- IT hardware and software for product and process management,

Specific to sectors

Milk

- Modernisation and/or extension of milk collection centres or milk processing enterprises,
- Construction of new milk collection centres and milk processing enterprises,
- Investments for homogenisation, pasteurisation, packaging, cooling, and storing of milk and milk products,
- Test equipment to distinguish between poor and good quality milk,
- Investments for establishment of food safety management systems,
- Transportation equipment excluding motorized vehicles.

Aid Intensity

Public expenditure shall be 50% of the total eligible cost of the investment. For investments relating to the treatment of the effluents and waste management, the maximum aid intensity will be 60%.

The minimum and maximum limits of the total value of eligible investments per project are:

- ⇒ 30,000 Euro and 3,000,000 Euro for the milk sector,
- ⇒ 30,000 Euro and 1,000,000 Euro for milk collection centres

for this measure within the timeframe of IPARD I and II.

A recipient may receive support for a maximum of four eligible investments during the IPARD 2014-2020 implementation period.

A recipient may not apply for funding before completing an on-going investment. New applications can be made after the final payment of the contract.

The maximum total value of eligible investments per recipient is limited to 3,000,000 Euro.

As exception, applicable only for milk collection centres, an applicant may submit a proposal under a single call, for setting up to five milk collection centres in the same province provided that the total capacity will not exceed 70 tonnes/day and the total eligible investments value does not exceed 1,000,000 Euro.

The EU co-financing rate is 75% of the public aid.

Administrative procedure

Applicants shall submit their application to the Provincial Coordination Units (PCU) of ARDSI within the specified time period. Administrative checks and on-the-spot controls of the project shall be performed by ARDSI. Business plans of applications which passed the administrative checks and on-the-spot controls will be evaluated. The applications which are determined as viable after the business plan evaluation shall be scored on the basis of the "Ranking Criteria for Project Selection" as stated in the IPARD programme. Contracts will be signed with selected applicants.

Payments will be made to recipients upon completion of a project or part of it. The payments can be made in instalments upon the request of the recipient in the application form and shall be reflected accordingly in the business plan. The contract and/or its annexes shall define all related details including the identification at which stage in the implementation of the project the instalments are to be paid. The request for payment in instalments shall be made according to the eligible investments as below:

- Investments of which the total value of eligible expenditures is up to and including 500,000 TL: 1 instalment
- Investments of which the total value of eligible expenditures is more than 500,000 and up to (including) 2,500,000TL : 2 instalments
- Investments of which the total value of eligible expenditures is more than 2,500,000 :3 instalments

If the investment includes construction works and can be divided into instalments according to the amounts of eligible expenditures as mentioned above, expenditures regarding each individual building/structure must be requested in a single instalment.

Ranking Criteria

Following ranking criteria will be used under this measure.

If the applicant is an existing enterprise	40
If the applicant is a producer organisation	25

If the investment is less than 3 million TL	20
If the investment includes generation of renewable energy	10
If the applicant (in case of natural person himself/herself, in legal entities the person who has the authority to represent and bind the legal person) is woman:	5