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## Dear farmers,

This is the Program for Agriculture and Rural Development for 2015. It is the result of a long work for agriculture, as one of the most important sectors for the country's economic development and job creation. We have tried to address as much as possible the requests and needs



of farmers, to apply best European practices and make careful steps forward, in accordance with our capacities.

Our goal has been to make this Program as concrete as possible, in order for the results to be concrete. This year, we bring some changes, new and mitigating criteria. We have included new sub-measures and, most importantly, for nearly each measure and sub-measure, the budget has doubled.

From this year, in our annual program, we will pay special importance to the creation of new jobs. Agriculture is one of the sectors which offer most job opportunities and the MAFRD shall support the farmers, producers and processors who open new jobs.

In addition, we have given preference to young farmers and women farmers. Kosovo is the country that has the youngest population in Europe. Youth is our main potential for the present and for the future and this potential must be utilized. We believe that the inclusion of youth in agriculture, not only helps in the economic development of the country, but is also important for their personal and professional development.

Our objectives include the expansion of surfaces with different crops, but also the expansion of livestock activity. Alongside the growth of production, our focus will be the growth of processing capacities, as well as raising the quality of products. With this, we intend to meet consumer needs in our country and that our products are competitive in the region and in Europe.



## Ministry of Agriculture, Forestry and Rural Development

Without a doubt, many challenges remain ahead. We will work with each interested party in order for our Program to be even more helpful and to address the needs of farmers and of the country in general. This can be achieved by working together.

First of all, our common goal should be transparency and efficiency at work. Because, only in this manner we will manage to implement the Program that we have on paper. In the end, this approach will bring about the realization of our objectives and concrete results to the benefit of Kosovo farmers.

Good work and success!

Memli Krasniqi

Minister of Agriculture, Forestry and Rural Development



# Measure 101: Investing in physical assets in agricultural economies

## LEGAL FRAMEWORK

Law No. 03/L-098 - on Agriculture and Rural Development, dt. 1 July 2009;

Law No. 03/L-029 - On Agricultural Inspection, dt. 13 December 2008;

Law No. 03/L-042 - on Plant Protection Products, dt. 27 November 2008;

Law No. 02/L-26 - on Agricultural Land, dt. 23 June 2006;

Law No. 02/L-9 - on Irrigation of Agricultural Lands, dt. 25 November 2005;

Law No. 2004/13 - On Planting Material, dt. 28 May 2004;

Law No. 2003/5 - On Seeds, dt. 15 April 2003;

Law No. 2005/47 - on Wines, dt. 14 October 2005;

Law No. 2004/21 - on Veterinary, dt. 30 July 2004;

Law No. 04/L-191 - On Livestock, dt. 28 June 2013;

Law No. 2005/02-L10 - On Animal Welfare, dt. 9 May 2005;

Law No. 03/L-024 - on Environmental Impact Assessment, dt. 19 March 2009;

Law No. 03/L-025 - For Environmental Protection, dt. 19 March 2009;

Law No. 04/L-074 - On the Agricultural Advisory Services and Rural Development, dt. 19 March 2012;



## RATIONALE

The agriculture sector in Kosovo plays a very important role in offering opportunities in employment and income generation. SWOT analysis for agriculture of Kosovo stresses that import substitution and free access to the EU market, as well as important opportunities for improvement of the national and individual income from agriculture in Kosovo. However, this potential will be realized only if farms are able to compete with market prices in the region and the EU.

Analysis of competitiveness of agriculture of Kosovo shows that currently only a small share of farms can compete in the regional market, EU and international level. Leading causes of this capability of low competitive are the small size of the majority of agricultural businesses, fragmentation of their land, old buildings and equipment, lack of funds for investment and the low level of knowledge regarding contemporary technology production. In addition, the majority of the farms do not meet EU standards for food safety and hygiene, for animal welfare, and environmental protection.

A large part of the farms are far too small almost the whole production is consumed directly from their family on the farm. Therefore, it is required to have concentration in support of investments in physical assets of commercial farms that are oriented and are able to provide stable incomes.

Considering the fact that most of the farms are very small, it seems reasonable to encourage the horizontal cooperation between farmers in the form of cooperation of manufacturers, who can build the basis for later production organizations, or associations of producers, but also for vertical integration of farmers, for example in chains of market through supply contracts.

In order to make progress of working methods and implementation of quality inputs, farmers will have an incentive of young people at the age of 18 up to 40, who represent the basis for a modern and innovative agricultural sector.

On the basis of this review, but also of comparative advantage which is in some sectors, the contribution of the farming sectors of the economy and the need of sectors for approximation with the EU standards, the measure will focus on support of investments in these sectors; fruits, vegetables (including potatoes), milk, meat, eggs and grapes.

## FRUIT SECTOR





As a result of good conditions for cultivation, in many regions of Kosovo, the production of fruits in Kosovo has a long tradition. Apples and plums account for most of the surface production and quantity, mainly cultivating the gardens of houses and extensive cultivation. In recent years, intensive production has started in more orchards with apples, pears, sour cherries and plums, while production of mulberry fruit has about 200 semi-commercial producers and 50 commercial producers with acceptable yield (20-50 t/ha). The sector of plum orchards is even more fragmented with only 100 semi-commercial and commercial producers, reaching yields of 12-20 t/ha. Manufacturers of fruits currently face some problems, as well as the old orchards and varieties of poor quality, lack of opportunities for irrigation, lack of storage for preservation of fruits, poor equipment on classification and packaging for trading the fruits. The market requires continuous and homogeneous amounts of fruits and of high quality. So, this measure mainly is aimed at intensifying the production of the fruits in a larger area and achieving the standards of the top quality products. Profitable farms with economic potential, with a market-oriented production, are targeted beneficiaries.

Sub-measures will focus on improving production efficiency by supporting the establishment / rehabilitation of land for orchards, modernization of equipment for cultivation, irrigation systems that save water and farm machinery used to improve farm efficiency and general standards improvement. Construction and improvement of immovable property will be supported to enable the post-picking activities. Further investments will be supported in sustainable use of energy.

## SECTOR OF VEGETABLE AND GREENHOUSE (INCLUDING POTATOES)

The vegetable sector, despite the small extent, is more promising in Kosovo since cultivation has good conditions and can provide good growth of value added. The vegetable production sector comprises only a small number of commercial growers and a large number of semi-commercial and existential growers.

The sector is dominated by small private farms with an average area of 0.80ha, with low productivity and inefficient supply chains, with high expenses for collection and logistics. Trading of fresh vegetables is often done without adequate packaging and without classification of products.



In the framework of this sub-measure, support will be provided for the construction of permanent greenhouses to produce fruits and vegetables as mulberry family and vegetables and construction of storage facilities for post-harvest treatment and storage of fruits and vegetables. The need for fresh fruits and vegetables during the whole year is on the rise. This absence in the market can be filled the best by indoors/protected production. In greenhouse production is intense in small surfaces that requires relatively large workforce (more than cultivation of same products in open area). In this way, this sub-measure contributes to increase employment opportunities. Market of Kosovo is supplied with fruits and vegetables throughout the year, mainly imported from different countries. The increase of surfaces with greenhouses contributes to replacing imported products with local products, and consequently, improvement of negative trade balance of the country.

## MEAT SECTOR

Bovine meat is traditionally considered as by-product of milk sector. All calves come from farms of milk production, which means there is not a supply chain of meat, complete and specialized. Stables for fattening are mainly converted from facilities for production of milk or buildings built by the small farmers themselves.

To increase professionalism in breeding cattle for meat, it is necessary to improve technical knowledge of manufacturers, especially of beginners, about practices in breeding cattle for meat and the production of animal feed, by offering training and advisory service. Cattle breeders for meat have also more need for investment in stables and construction buildings. Investing in farm machinery for the production of food for animals; investing in waste management and fertilizer also have high priority. There is a need for construction of new stables and farm buildings for breeding of animals for meat in accordance with existing standards for animal welfare and environment. Equipment necessary for farm include: water supply system, the system of nutrition, removal of ordures from stables, then the farm machinery, especially for the production, storage, preparation, use and dissemination of animal feed. With this measure, it is aimed at supporting for specialized commercial farmers in fattening of cattle.

Fowl meat consumption is expected to increase further. Since most of the fowl meat is imported, there is great potential for import substitution. Improved access to services and inputs has enabled this business also for the medium entrepreneurs who do not have the capacity to build



a closed cycle, from the production of animal feed to trading/sale. There is a need for investment in accommodation/better housing for chicken, preparation of quality food, quality control, monitoring of health care and treatment as well as ordure to stable. This measure focuses on supporting the producers and the new medium sized farms, in order to increase the competitiveness in domestic production, by increasing the number of secondary producers broilers (birds) and increased production capacities. Through advisory services and vocational training, it is needed to improve quality of production at the lowest cost possible.

## MILK SECTOR

Cow milk is most important livestock production in Kosovo. In the recent years, attempts are being made for the production of milk to pass from production for home consumption, in production for the market, to improve conditions of breeding, application of good practices in agricultural farms of milk production and increase capacity of farmers for the production of high quality milk.

Non-satisfactory quality of fresh milk has led MAFRD to the implementation of direct payments for the quality of milk. Yet there is much room for improvement in physical assets as better buildings, contemporary equipment in stables, better and more contemporary systems, better and more contemporary milking systems. The measure is aimed at supporting the commercial dairy producers.

Modernization of agricultural systems, especially the intensive livestock production, can lead to an increase of the release of gases which impact on climate change. The measure will support investments in the management of the manure of stable and facilities for its preservation that reduce release of these gases, while priority will be given to the modernization projects involving such investments.

Production of milk from small ruminants (sheep, goat) is mainly a closed cycle, from production of milk, cheese processing and sale (marketing) on the farm. Only a few are commercial farms, while the majority of the producers that hold small ruminant small farms are mainly with traditional practice with livestock breeding. There is a great need for investment in modernization of stables, infrastructural facilities, for the use of milking systems etc.

## SECTOR OF GRAPES



Parcels of vineyards are mainly small, while production of grapes is done by 4780 vine dressers. Average size is 0.5 ha with average efficiency of 8-10 t/ha. Vineyards of Kosovo include 751 hectares of table grapes and 2440 hectares with wine grapes<sup>1</sup>. Production costs are high as a result of broad cultivation (partly due to old vineyards), small parcels and old mechanization. Table grapes, produced in the country, is facing strong competition from import which is qualified and packaged well. Priority will be given to production of table grapes with a growing potential and potential consumption in comparison with consumption of wine. Investing in restructuring and modernization of the production and marketing of grape is needed to compete with imported products.

## SECTOR OF EGGS

Currently, there are 98 active commercial producers of eggs in Kosovo. Each with more than 1,000 egg laying hens which together produce about 40% of eggs in Kosovo. All of these apply maintenance system in cages (*battery cage*) and there is no producer of eggs that applies the floor or free system maintenance (*free-range*). The production facility in most cases is relatively old, and it is hard to offer the required production (food, the birds and birdies) at competitive prices.

To improve the efficiency of average producers, priority will be given to secondary farms from 6,000 to 50,000 of laying hens, which can afford the big price movements over the years and compete in a very dynamic market.

Support will be provided to improve efficiency of production by investing in better equipment to a stable and hygiene in a stable (ventilation, water system, system for collecting eggs and washing, etc). Manure management should improve at stables and other wastes, as the negative impact from the poultry sector will be supported in intensive environment can be quite high if not treated properly, while it creates additional income when managed well. Advisory System in Kosovo must be improved in order to provide appropriate training to producers of medium and small enterprises in the production of animal feed, operation and maintenance of semi-automatic lines for collecting and grading of eggs.

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<sup>1</sup>EVV, 2014



## GENERAL OBJECTIVES

- Increasing competitiveness of Kosovo's agriculture and import substitution;
- Creation of new jobs and increasing the employment in rural areas;
- Support of farmers in the selected sectors, aiming to align with the rules, standards, policies and practices of the EU;
- Supporting economic, social and territorial development aiming at sustainable and inclusive growth, through the development of physical capital;
- Addressing the challenges of climate change through the utilization of renewable energy.

## SPECIFIC OBJECTIVES

### SECTOR OF FRUITS AND VEGETABLES (INCLUDING POTATOES)

- Fruits and vegetables production growth for commercial purposes;
- Improvement of the quality in order to fulfill the relevant national standards and those of the EU;
- Modernization of farms through the use of new equipment and modern mechanization;
- Reduction of losses through investment in post-harvest farm, in conservation technology, infrastructure and equipment for post-harvest phase, including capacities for cooling, classification and packaging;
- Production of renewable energy;
- Improving the integration of farmers with buyers of agricultural products.

### SECTOR OF MILK AND MEAT

- Growth of products in specialized farms;
- Improving of the quality in order to fulfill the national standards, with those of the EU;
- Modernization of farms through the use of new equipment and modern mechanization;
- Reducing the emission of nitric oxides and methane through proper treatment of organic manure and non-pollution of surface and ground water;



- Production of renewable energy;
- Improving the integration of farmers with the buyers of their products.

## SECTOR OF GRAPES

- Production growth of table grapes and wine grapes;
- Improving of the quality in order to fulfill the national standards, with those of the EU;
- Modernization of farms through the use of qualitative seedlings and modern mechanization;
- Production of renewable energy;
- Improving the integration of farmers with buyers of their products.

## SECTOR OF EGGS

- Improvement and expansion of existing production capacities;
- Improving of the quality in order to fulfill the national standards, with those of the EU;
- Modernization of farms through the use of new equipment and modern mechanization;
- Reducing the emission of nitric oxides and methane through proper treatment of organic manure;
- Production of renewable energy;
- Improving the integration of farmers with the buyers of their products;

## THE CONNECTION WITH THE OTHER MEASURES IN ARDP

This measure has interconnections with other measures of ARDP, such as:

- Measures 103 "Investing in physical assets for processing and marketing of agricultural products" and,
- Measures 302 "Diversification of farms and business development"



## FINAL BENEFICIARIES

Final beneficiaries under this measure are farmers, by definition by Law on Agriculture and Rural Development (L-03/098) and other agricultural enterprises registered in the Farms Registry.

## COMMON CRITERIA OF ACCEPTANCE

### ELIGIBLE APPLICANTS

- If the applicant is a natural person, he must be over 18 years old, but not older than 60.
- Applicants must have regulated tax obligations, namely natural persons, property tax, whereas legal persons, profit tax.
- All beneficiaries of rural development projects need to pay tax obligations regularly over five years after realization of investment, for as long as monitoring period lasts.
- All beneficiaries of rural development projects are obliged to maintain their investments in the five years after realization of investment, in the length of monitoring period. If they do not maintain investments, the beneficiary is obliged to turn in the public support.

### NATIONAL STANDARDS

National Standards for animal health, animal welfare and environmental protection are set out in Annex no. 5. They must be met before the latest request for the last payment, and verified with the control by official person in the place of investment.

### ECONOMIC SUSTAINABILITY



- For investment projects in which the acceptable investments are less or equal to 20,000 €, the applicants must submit a draft proposal according to the model of the Ministry of Agriculture, Forestry and Rural Development (MAFRD).
- For investment projects in which the acceptable investments are greater than 20,000 €, applicants must submit a business plan according to the model of the MAFRD.
- Model for draft technical proposal and for the business plan shall be published on the webpage of Payment Agency and will be available for all beneficiaries.

## OTHER ELIGIBILITY CRITERIA

Beneficiaries of investment projects acceptable in greater value than 50,000 €, prior to signing the contract with Agriculture Development Agency (ADA), must register their companies and all investments / expenditures shall be invoiced on behalf of the enterprise.

All beneficiaries who in their business plan have declared that they will create new jobs and for this have scores during the assessment, they have to create them and to testify by the payment of pension contribution and tax on salaries for at least the last month before the last request for payment. Beneficiaries are obliged to keep these vacancies filled with employees working full time for 5 years, as the length of monitoring period.

Investments financed by Program of Rural Development 2015 should not be financed by the Office of the EU or any other public donor. In the case of the discovery that the beneficiary has attempted to benefit public support from two sources, he/she will not be provided with support, or if he has taken it, he will be forced to return the means taken and penalties will be implemented in accordance with the law.

Beneficiaries may not be given a new project if previous projects have not been completed on a regular basis.

Applicants must demonstrate sufficient agricultural knowledge by completing one of the following conditions:

To have at least secondary school, and two years of experience in the field in which he applies,





Applicants who do not have sufficient experience should make a written statement committing to attend training courses with at least 20 classes, in the field for which he applies, which will be completed before the last request for payment,

Applicants with agricultural secondary school, students in the second or third year of the Faculty of Agriculture, or higher education in the field of agriculture are not obliged to attend the aforementioned trainings,

In the case of agricultural enterprises, requirements above apply to the manager of the company.

In the case of legal persons, at least one person of the company that represents agricultural economy should be an employee with contract no less than five years.

Further experience is considered the work in agricultural enterprises which can be proved by a certificate or being registered in the Farm Registry for at least two years.

In the case of construction projects, applicants must submit as follows:

- Copy of the facility sketches and a pre-calculation of material consumption and works foreseen;
- Community consent (if required by law);
- Copy plan of the parcel where investment will be made;
- Possession certificate or if land is leased, the lease contract notarized at least 10 years for the parcel where construction will be done;
- Urbanism consent from the Municipality testifying that in case of awarding the grant, the beneficiary can take construction permit;

While before the request for payment in Agriculture Development Agency must submit as follows:

- Construction permit from the Competent Authority of the Municipality, only for stable and storage of fruits and vegetables
- Environmental impact assessment, if prescribed by law.

In case of construction / renovation of facilities, the establishment of the orchard, vineyard and establishing a system of irrigation on land leased, lease contracts must be at least 10 years and be attached to the consent of the owner (lessor) certified by a notary, for the investment to be made in his land. Consent of the owner can be included in the lease contract.



## CHECKLIST FOR ENVIRONMENTAL CHOICE

With the selection of beneficiaries, before signing the contracts for financing rural development projects, the projects selected will be subject to environmental assessment procedure, according to Selection Environmental Checklist (Appendix. 17). Checklist will be completed by ADA giving additional information to the section " Specific characteristics" to clarify the answers given. If one or more answers on the checklist is positive (YES), then the project will have an impact on the environment, and as such requires the preparation of the Environmental Management Plan (EMP). Mitigation measures provided in the checklist will be the guiding point for the preparation of EMP. Approval process for the project requires that all mitigating measures are accepted and approved for implementation by the applicant. Preparation of EMP will be obligatory to the applicant, while spending for its preparation will be considered as administrative cost.

## SPECIAL REQUIREMENTS OF ELIGIBILITY

Sector of fruits (apple, pear, plum, cherry, strawberries, raspberries, blackberries and blueberries)

- At the time of application for investment in fruits, applicants must demonstrate possession of agricultural area owned or leased for at least 10 years, and registered in the Farm Registry of at least 1 hectare for fruit trees (apple, pear, plum, sour cherry) and/or 0.25 hectares for berries (strawberries, raspberries, blueberries and blackberries). Minimum size of parcel for berries is 0.1 hectares and for fruit trees 0.35 hectare;
- In the case of investments in agricultural machinery and equipment and / or investments in construction and improvement of facilities, investment must comply with manufacturing capabilities;
- Beneficiaries raising new orchards, before the request for payment, if they buy seedlings produced in Kosovo, must submit a copy of phytosanitary certificate on the health status of planting material to satisfy the CAC ( Conformitas Agraria Communitatis) and a copy of the manufacturer's license, whereas those buying imported seedlings from EU countries must submit a copy of the certificate on the health condition of seedling



material meeting at least CAC criteria issued by the manufacturer, certificate of origin and importing licence of the importing enterprise.

- Planted seedlings of fruit trees must bear on their body a label of the certifying institution. Beneficiaries for the establishment of orchards with fruit berries must protect seedling labels buy bundles to present them before controllers of ADA on the occasion of control.

## Vegetable and greenhouse sector (including potatoes)

- At the time of application for investment in storage for fruits and vegetables (including potatoes), applicants must demonstrate possession of the areas of arable land, owned or leased, for at least 10 years and recorded in the Farm Registry of at least 2 hectares.
- In the case of investments in building new permanent greenhouses, agricultural economy (farms) must show that there is at least 0.10 ha of arable land registered in the Farm Registry.

## Meat Sector

- For investments in the meat sector (fattening the calves and chickens), applicants are not required to have animals at the time of application, but pledge to have at least 20 calves with ear tags of the Republic of Kosovo or the EU countries, or 5,000 birds, and they must prove this by relevant documents and by their presence in the stable before submitting the request for last payment.
- Agricultural economies applying for building the stables for calves, should include in their project manure storage with sufficient capacity for at least 3 months.
- In the case of investments in agricultural machinery for land cultivation, at the time of application, applicants for fattening calves must prove that they have at least 0.3 hectares of agricultural land owned or leased for at least 10 years, (not valid for birds).
- At the time of application, applicants for fattening calves must prove that they have at least 0.3 hectares of agricultural land per calf capita, owned or leased for at least 3 years.



## Milk Sector

- At the time of application, applicants for investment in milk production must have at least 15 dairy cows or 150 sheep or 100 goats in active production, recorded in the farm and in the Registry for identification and registration of animals in FVA.
- Agricultural economies applying for building the stables, should include in their project manure storage with sufficient capacity for at least 3 months. (see the list of mandatory standards)
- In the case of investment in agricultural mechanization for the cultivation of land, the applicant must demonstrate possession of at least 0.5 hectares of agricultural land for one cows, respectively 0.05 hectare per sheep / goat, owned or leased for at least 10 years.

## Grape Sector

- At the time of application , applicants for investment in grape must prove possession of agricultural land owned or leased, registered in the Registry of the farm, for at least 10 years, 0.5 hectares of table grapes or 1 hectare of wine grape. Minimum surface of parcel is 0.2 hectares.
- In the case of investments in mechanization and equipment for cultivation and harvest and post-harvest treatment warehouse, applicants must demonstrate that they have at least 4 hectares of vineyards, owned or leased, registered in the Registry of Vineyards and Registry of Farms.
- Beneficiaries raising new vineyards, should just buy seedlings imported from EU countries and must submit a copy of the health conditions of planting material issued by the manufacturer, certificate of origin and the origin, import permits of the importing enterprise.

## Eggs Sector



- Applicants for investment in sector of eggs, must prove possession of at least 6,000 and at most 50,000 egg laying chickens in active production, registered in the Registry of the Farm.
- Enterprises with more than 50,000 laying hens may only apply for machinery and equipment under this sub-measure.
- Agricultural economies that apply to the construction of farm for eggs in their project should include manure storage with sufficient capacity for at least 3 months.

## ELIGIBLE INVESTMENTS

Eligible expenses are limited to those included in the List of Eligible Investment for measure 101, provided in Appendix no 6 Guidelines for the Applicants.

Minimum value of eligible expenses for the project within this measure is 10.000 €, except the projects for berries, where the minimum value of the project is 3,000 €.

Maximum value of eligible costs for projects within this measure is 120,000 €.

Total maximum acceptable cost for the whole period of implementation of the Programme for Agriculture and Rural Development 2014-2020, for the measure 101 is 500.000 € per beneficiary.

Expenses for preparation of the business plan or project proposal can not exceed 3% of eligible costs. In the case of investments that provide for construction of stables or warehouses for storage of fruits and vegetables, costs for architect and engineer, various permits and licenses are acceptable to the value of 7 % of eligible costs.

## ELIGIBLE INVESTMENT FOR SECTORS

### Investments in the sector of fruits

- Investments in establishing new orchards with minimum area of 1 hectare for tree fruit and for berries 0.25 hectares
- Investments in establishing farm irrigation systems, according to efficient irrigation practices
- Energy production in the farm from renewable sources
- Investments in setting hail protection nets



- Investments in agricultural machinery and equipment for orchards, plant protection, fertilizing, harvesting and post-harvest treatment
- Investments in the construction and improvement of facilities for post-harvest activities, facilities for machines and facilities for plant protection products and artificial fertilizers.

## Vegetable and greenhouse sector investment (including potatoes)

- Investments in building the permanent greenhouses for berry fruits, vegetables or seedlings with minimum size of 0.1 hectares
- Energy production investment in the farm from renewable sources
- Purchase and installation of equipment to reach climate -controlled conditions
- Investments in establishing farm irrigation systems in greenhouses as per efficient irrigation practices
- Construction of facilities for post-harvest treatment (sorting, packing, labeling) and production storage and warehouses for plant protection products and artificial fertilizers.

## Investments in the sector of meat

- Construction / renovation / expansion of the stable building, ancillary facilities (manure storages, voluminous food barns, warehouses of silage) and farm infrastructure (eg. Water supply at farm level)
- Investment in equipment for one-day bird growth (equipment for heating, for food and water supply etc.)
- Energy production investment in the farm from renewable sources
- Investments in the modernization of the food and water supply
- Investments in agricultural machinery and equipment for the cultivation of fodder and grains, plant protection, fertilization and harvesting



- Investments for cleaning manure (liquid and solid) and its disposal, investments for concentrated food production with capacity which at least is 50 % will be used for farm needs

## Investments in the sector of milk

- Construction / renovation / expansion of the stables building, ancillary facilities (manure storages, voluminous food barns, warehouses of silage) and farm infrastructure (eg. Water supply at farm level)
- Investments in the modernization of milking and cooling equipment, such as equipment for milking, milk storage including milk storage rooms, milk fridges
- Energy production investment in the farm from renewable sources
- Investments in the modernization of the food and water supply
- Investments in agricultural machinery and equipment for the cultivation of fodder and grains, plant protection, fertilization and harvesting
- Investments for cleaning / removal of manure and its storage
- Investments for food production of concentrated capacity which at least 50% will be used for farm needs

## Investments in the sector of grapes

- Investment in setting up / modernization of vineyard plantations (converting, replacement) for table grapes and wine grapes, minimum size of 0.5 hectares for table grapes and 1 hectare for wine grapes
- Investments in establishing farm irrigation systems, according to efficient irrigation practices
- Investments in setting plastic cover for table grapes
- Energy production investment in the farm from renewable sources
- Investments in setting hail protection nets
- Investment in holding systems for grapes and fences



- Investments in agricultural machinery and equipment for grapes, plant protection, fertilizing, harvesting and post-harvest treatment
- Those who have more than 4 hectares of vineyards are allowed an application for construction of facilities for post-harvest operations such as cooling warehouses, machinery for sorting, cleaning, packing, etc. Facilities for maintenance of agricultural machinery and equipment and the construction of warehouses for plant protection products and artificial fertilizers.

## Investments in the sector of eggs

- Construction / renovation / expansion of stables
- Internal infrastructure investment (feeding system, water collectors and equipment to regulate the micro-climate, equipment for manure removal, grading eggs etc.)
- Investment in cages, just according to EU standards
- Construction and improvement of storages for storing food, including equipment for preparation of food, operation, packaging and preservation of eggs
- Efficient energy production investment in the farm or from renewable sources
- Investments for food production of concentrated capacity which at least 50% will be used for farm needs

## SELECTION CRITERIA FOR SUB-SECTORS

Table 1: Selection criteria for fruit sector

No.	T of criteria	Criteria / Category		Points
1	Production capacity: the surface to be established. In the case of investment in infrastructure of orchards, warehouse, irrigation, protection against hail and	Berries	Tree fruits	
		> 1 ha	> 5 ha	45
		$\geq 0.75 \leq 1$ ha	$\geq 4 \leq 5$ ha	42
		$\geq 0.5 < 0.75$ ha	$\geq 3 < 4$ ha	39
		$\geq 0.35 < 0.5$ ha	$\geq 2 < 3$ ha	37
		$\geq 0.25 < 0.35$ ha	$\geq 1 < 2$ ha	35





	machinery, items taken depending on the existing surface or / and in what will be built		
2	Quality of seedling material	Investing in seedlings produced and certified in European Union countries	5
3	Contracting relations	Contract for delivery for at least 50% of production <i>(is not required to applicants for rising new orchards – they get 8 points from this criterion)</i>	8
4	Environmental protection and climate change	Investments in energy production in farm from renewable sources (min 5% of eligible investment)	5
5	Ownership status of the land where the investment takes place	Land on the name of the applicant	5
6	Employment	Applicant undertakes to create new jobs: - for 1 job = 3 points - for 2-3 jobs = 7 points - for 4 or more jobs = 10 points	10
7	Investment position	Investing in mountainous areas	5
8	Support for the first time	Applicant has not been the beneficiary of grants of MAFRD, in the past three years	10
9	Education	Relevant university degree in agriculture / food technology	5
		Secondary agricultural education or student of Faculty of Agriculture, second or third year	3
10	Female gender	Female applicant	2
<b>TOTAL</b>			<b>100</b>



Table 2: Selection criteria for greenhouse and vegetable sector (including potatoes)

No	Type of criteria	Criteria / Category	Points
1	Type of investment	1. Construction of greenhouses with complete infrastructure	55
		2. Construction of warehouses for post harvest treatment (size of the warehouse must comply with production of fruits and vegetables by the applicant)	45
2	Contracting relations	Contract for delivery of at least 50% of production <i>(Not required to applicants for warehouses and new applicants – they get 8 points from this criterion)</i>	8
3	Environmental protection and climate change	Investments in energy production in farm from renewable sources (min 5% of eligible investment)	5
4	Employment	Applicant undertakes to create new jobs: - for 1 job = 3 points - for 2-3 jobs = 7 points - for 4 or more jobs = 10 points	Max. 10
5	Land ownership	Land on the name of the applicant	5
6	Support for the first time	Applicant has not been the beneficiary of grants of MAFRD, in the past three years	10
7	Education	Relevant university degree in agriculture / food technology	5
		Secondary agricultural education or student of Faculty of Agriculture, second or third year	3
8	Female gender	Female applicant	2
<b>TOTAL</b>			<b>100</b>



Table 3: Selection criteria for meat sector

No	Type of criteria	Criteria / Category	Points	
1	Type of investment: In the case of investment from point a) and point b), the points are taken by investment of the majority of funds (maximum 30 points)	a) Construction /renovation /expansion of stable (septic wholes obligatory)	30	
		b) Machinery and/or improving external infrastructure (silage depot, hay depot)	25	
2	Production capacity (number of animals) following realization of the project	Bovine	Broilers (birds)	
		≥ 20<50 capita	≥ 5.000<10.000 capita	20
		≥ 50 capita	≥ 10.000 capita	10
3	Contracting relations	Contract for delivery of at least 50% of production	8	
4	Environmental protection and climate change	Investments in energy production in farm from renewable sources (min 5% of eligible investment)	5	
6	Employment	Applicant undertakes to create new jobs: - for 1 job = 3 points - for 2-3 jobs = 7 points - for 4 or more jobs = 10 points	Max. 10	
7	Investment position	Investing in mountainous areas	5	
8	Support for the first time	Applicant has not been the beneficiary of grants of MAFRD, in the past three years	10	
9	Education	University degree in agriculture / veterinary / food technology	5	
		Secondary agricultural education or student of Faculty of Agriculture, second or third year.	3	
10	Ownership status of the	Land on the name of the investor	5	



	land where the investment takes place		
11	Female gender	Female applicant	2
<b>TOTAL</b>			<b>100</b>

Table 4: Selection criteria for milk sector

No	Type of criteria	Criteria / Category		Points
1	Type of investment: In the case of investment from point a) and point b), the points are taken by investment of the majority of funds (maximum 35 points)	a) Construction /renovation/expansion of the stables and manure storage		35
		b) Machinery and/or improving internal and external infrastructure (silage depot, hay depot)		30
2	Production capacity: number of animals in production prior to application	Dairy cow	dairy sheep/goat	
		≥ 15<25 capita	≥ 100/150<300 capita	15
		≥ 25 capita	≥ 300 capita	10
3	Contracting relations	Contract for delivery of at least 50% of farm production		8
4	Environmental protection and climate change	Investments in energy production in farm from renewable sources (min 5% of eligible investment)		5
6	Employment	Applicant undertakes to create new jobs: - for 1 job = 3 points - for 2-3 jobs = 7 points - for 4 or more jobs = 10 points		Max. 10
7	Investment position	Investing in mountainous areas		5
8	Support for the first time	Applicant has not been the beneficiary of grants of MAFRD, in the past three years		10
9	Education	University degree in agriculture / veterinary /		5



		food technology	
		Secondary agricultural education or student of Faculty of Agriculture, second or third year.	3
10	Ownership status of the land where the investment takes place	Land on the name of the applicant	5
11	Female gender	Female applicant	2
<b>TOTAL</b>			<b>100</b>

Table 5: Selection criteria for grapes sector

No.	Type of criteria	Criteria / Category	Points
1	Production capacity: The surface to be established. In the case of investment in warehouse and machinery, points will be taken depending on the existing surface or / and in what will be built.	> 4 hectares of grapes	50
		$\geq 3 \leq 4$ hectares of grapes	47
		$\geq 2 < 3$ hectares of grapes	44
		$\geq 1 < 2$ hectares of grapes	42
		$\geq 0.5 < 1$ hectare of grapes	40
2	Contracting relations	Contract for delivery for at least 50% of farm production (is not required to applicants for rising new vineyards - they get 8 points)	8
3	Environmental protection and climate change	Investments in energy production in farm from renewable sources (min 5% of eligible investment)	5
4	Ownership status of the land where the investment takes place	Land on the name of the applicant	5
5	Employment	Applicant undertakes to create new jobs: - for 1 job = 3 points - for 2-3 jobs = 7 points	Max. 10



		- for 4 or more jobs = 10 points	
6	Investment position	Municipality: Rahovec, Suharekë, Prizren, Gjakovë, Malishevë	5
7	Support for the first time	Applicant has not been the beneficiary of grants of MAFRD, in the past three years	10
8	Education	Relevant university degree in agriculture / food technology	5
		Secondary agricultural education or student of Faculty of Agriculture, second or third year	3
9	Female gender	Female applicant	2
<b>TOTAL</b>			<b>100</b>

Table 6: Selection criteria for eggs sector

No.	Type of criteria	Criteria / Category	Points
1	Type of investment: In the case of investment from more than one point (a, b, c, d), the points are taken by investment of the majority of funds (maximum 20 points)	- Construction / renovation / expansion of stables	20
		- Improvement of general infrastructure of the farm	15
		- Construction of storages for food/treatment	10
		- Agricultural machinery and equipment	5
2	Production capacity: number of egg laying chickens	≥ 6,000 < 20,000 laying hens	15
		≥ 20,000 ≤ 50,000 laying hens	10
		> 50,000 hens, only for investment under b), c) and d) of the first criterion	
3	Manner of keeping hens	Without cage, outdoor	10
		Without cage, on the floor	8
		Cage according to EU standards	5
4	Contracting relations	Contract for delivery of at least 50% of farm	8



		production	
5	Environmental protection and climate change	Investments in energy production in farm from renewable sources (min 5% of eligible investment)	10
7	Employment	Applicant undertakes to create new jobs: - for 1 job = 3 points - for 2-3 jobs = 7 points - for 4 or more jobs = 10 points	Max. 10
8	Investment position	Investing implemented in mountain areas	5
9	Support for the first time	Applicant has not been the beneficiary of grants of MAFRD, in the past three years	10
10	Education	University degree in agriculture / veterinary / food technology	5
		Secondary agricultural education or student of Faculty of Agriculture, second or third year	3
11	Ownership status of the land where the investment takes place	Land on the name of the applicant	5
12	Female gender	Female applicant	2
<b>TOTAL</b>			<b>100</b>

**REMARKS ON THE SUB-MEASURES: IN CASES WHERE APPLICANTS HAVE THE SAME NUMBER OF POINTS, PRIORITY IS GIVEN TO PROJECTS SUBMITTED EARLIER**

## DEGREE OF PUBLIC SUPPORT

- Minimum value of eligible expenses for the project within this measure is 10.000 €, except the projects for berries, where the minimum value of the project is 3,000 €.
- Maximum value of eligible costs for projects within this measure is 120,000 €.
- Public support is 60 % of eligible costs of investment.
- Additional support of 10 % is given for investments in mountain areas and 5% for young farmers (40 years or younger).



## BUDGET

Table 7: Planned allocation of budget amongst sectors in 2015

Sectors		Value in €	% budget
101.1	For tree fruits	2,000,000	18.18
Fruits	For berry fruits	1,000,000	9.09
101.2	Greenhouses and storages for vegetables	2,700,000	24.55
Vegetables			
101.3	Fattening of calves	1,000,000	9.09
Meat	Growth of broilers (birds)	600.000	5.45
101.4	Milk production from cows, sheep and goats	1,600,000	14.55
Milk		700.000	6.36
101.5	Grape Sector	1,000,000	9.09
101.6	Eggs Sector	400.000	3.64
<b>Total:</b>		<b>11,000,000</b>	<b>100</b>

Table 8: Monitoring indicators

Type of indicator	Indicator	Target for 2015
Input	Total:	11,000,000
	101.1. Fruit sector	3,000,000
	101.2. Vegetable and greenhouse sector (including potatoes)	2,700,000
	101.3. Meat sector	1,600,000
	101.4. Milk Sector	2,300,000





	101.5. Grape Sector		1,000,000	
	101.6. Eggs Sector		400.000	
Output	Total number of supported farms		324	
	Out of which	101.1. Fruit sector	88	
		101.2. Vegetable and greenhouse sector	79	
		101.3. Meat sector	47	
		101.4. Milk Sector	68	
		101.5. Grape Sector	29	
		101.6. Eggs Sector	12	
	Investment value (€)		17, 473, 077	
	Out of which	101.1 Fruit sector	4, 765, 385	
		101.2. Vegetable and greenhouse sector including potatoes	4, 288, 846	
		101.3. Meat sector	2, 541, 538	
		101.4. Milk Sector	3, 635, 462	
		101.5. Grape Sector	1, 588, 462	
101.6. Eggs Sector		635, 385		
Outputs	Total number of farms with expanded capacity		259	
	The total number of farms that have applied modernized equipment and / or new technology		291	
	Increasing the size of farms supported	No. of hectares of fruit trees increased		179
		No. of hectares of berry fruits increased		54
		Number of m <sup>2</sup> with new greenhouses		189, 890
		No. of hectares of grapes increased		103
		Number of added animals	Dairy cow	329
	Laying hens		35, 294	
	Broilers (hen/birds)		79, 412	
	Bovine for fattening		471	
	New warehouses for fruit and vegetables (tons / year)		877	
Number of farms that have invested in post-harvest activity (packing, sorting, labeling etc.)		19		



	Number of farms that have built manure depots	430
	Number of farms that produce renewable energy	65
**Impact	Additional revenues (€ / year)	9, 414, 491
	New full time jobs	852
	Growth of productivity of work, as increase (%) in additional income, gross for each job position, in supported farms	15%

\*Targets have been set based on planned budget, therefore any budget change will reflect proportionally to the indicators.

\*\*Evaluation is done by independent evaluators

## ADMINISTRATIVE PROCEDURE

This measure shall be implemented by the Agriculture Development Agency / Payments Agency. Administrative procedures in detail will be presented in the administrative instruction which is approved by the Minister of Agriculture, Forestry and Rural Development and will be published in the official gazette.

## IMPLEMENTATION TIME FRAME

Deadline for implementation of projects of this size is 120 days from the date of signing the contract with ADA, except for the grape sector, for projects implementation of which is in a period of 300 days from the date of signing the contract with ADA, because the period of grape planting is spring. Following the period of 120 days, respectively 300 days, the beneficiary has 15 more days to prepare documentation and submission of the request for payment. ADA can extend the deadline for implementation for more than 30 days, if there is a strong reason for this, such as respect for vegetative periods for plants (e.g. period of planting of tree fruits), bringing of any specific machinery from any foreign country etc.

## GEOGRAPHIC SCOPE OF THE MEASURE

This measure is applied in the entire territory of Republic of Kosovo.



# Measures 103: Investments in physical assets in the processing and marketing of agricultural products

## LEGAL FRAMEWORK

Law No. 03/L-098 - On Agriculture and Rural Development, dt. 1 July 2009;

Law No. 03/L-016 - On Food, dt. 6 March 2009;

Law No. 03/L-029 - On Agricultural Inspection, dt. 13 December 2008;

Law No. 02/L-26 - on Agricultural Land, dt. 23 June 2006;

Law No. 2005/47 - On Wines, dt. 14 October 2005;

Law No. 04/L-191 - On Livestock, dt. 28 June 2013;

Law No. 2005/02-L10, No. 2005/24 - On Animal Welfare, dt. 9 May 2005;

Law No. 03/L-024 - on Environmental Impact Assessment, dt. 19 March 2009;

Law No. 03-L-025 - on Environmental Protection, dt. 19 March 2009.

Law No. 04/L-074 - On the Agricultural Advisory Services and Rural Development, dt. 19 March 2012;

## RATIONALE

Support for this measure is focused on investments in physical assets, in order to increase the competitiveness of the agro-food sector, the impact on food import substitution with local products of high quality and improved productivity.

This measure will support investments in food processing industry in the following five sub-sectors: Milk processing, processing of meat, processing of fruits, processing of vegetables and production of wine. The measure has been projected to supplement the measure 101, aiming at increase of supply of safe agricultural products without negative impact on the environment.



To successfully compete in the market which is constantly more open for food processing, the industry needs modernization of technologies and to improve safety management systems. Food industry is obliged to create safe collection, transport and deposit of raw materials, to reduce waste and to guarantee food safety.

This measure will give priority to investment for the implementation of food safety standards which have special importance for supplying the local market with safe products and for successful competition with the foreign suppliers. To encourage industry adoption of environmental standards, priority was given to investments aimed at waste treatment, water purification and utilization of waste products. Supported investment in measure 103 will contribute to the improvement of situation of primary agricultural production, giving priority to beneficiaries ensuring high percentage of raw materials through contracts with farmers.

## MILK PROCESSING SECTOR

Milk processing industry is one of the main sectors of food industry in Kosovo, and one of the largest too. Milk processing industry has been a priority according to national schemes of grants and of EU grants supported for four past years. Nevertheless, the support received is still far from covering the needs of investment in enterprises for milk processing in the aspect of approximation with the EU standards in the areas of food safety, environmental protection and development in renewable energy. Moreover, milk sector needs considerable investment for modernization of applied technologies, to increase productivity and to follow the demands in changing the consumption. Closed cooling chains from producer to consumer, milk collection centers and transportation of milk through cooling systems still needs to be supported.

Milk processing industry has focused its efforts in a broad range of products, mainly milk and fresh products of milk, paying less attention to the cheese, which requires more knowledge and has a slow circulation. Some small dairy enterprises have introduced new products, such as goat cheese and cheese from the milk of sheep and of cow, fermented cream, cheeses with geographical origin (plant) etc.

There are 36 enterprises engaged in processing and packaging of milk, licensed with installed capacity to process 200 liters / day - up to 100,000 liters / day, which could benefit from this measure.



This group includes enterprises with more than 50% of production capacity of the whole sector, which have a full line, milk and milk products processing in a level of quality nearing European Union standards (classified in category "A" in terms of compliance with standards). These enterprises require further technological investments to improve and expand their network of supply with raw milk, to efficiently use production capacity, to strengthen their competitiveness and to improve practices of waste management. These companies use their productive capacity only partially. Smaller units of milk processing already use a good part of their installed capacity. Some of the companies are using over 50% of their production capacity. Through grants to EU and donor supported projects, some of them were helped to develop the skills and marketing strategies to promote new products and improve food safety. They need to further support the production lines, in order to diversify (multiplication) of products, productivity growth, expansion and improvement of quality and food safety standards.

## MEAT PROCESSING SECTOR

### Slaughterhouses

There are 49 slaughterhouses in Kosovo, out of them 6 slaughterhouses serve for slaughtering fowls and 43 others for animals of other categories, which are registered in AFV and are functional. From these institutions, two are registered in category "A" (it means they have low risk class) and 22 in category "B", 15 in category "C" and 10 in category "D" (i.e. they belong to high risk class). Meat processors have large unused capacity as a result of insufficient production of meat.

Only two companies are registered for the slaughter of small ruminants that is insufficient to cover the needs, especially in remote rural areas. Majority of existing slaughterhouses are part of more complex businesses (e.g. beef meat processing, fowl meat processing, etc.) Slaughterhouses are big polluters of the environment from the liquid waste as well as from solid waste as a result of butchering, therefore environmental protection, waste and water treatment is supported. Many enterprises have received support from EU investment and donor grants schemes, but they have great need to turn to further support investments to improve food safety standards and quality control. Diversification of products (meat classification and



finished products according to customer requirements and hoteliers etc.) , can increase the value of the products.

This measure will support existing slaughterhouses, but not building new slaughterhouses. Construction of new facilities will be supported only if they are replacing old buildings with new ones, or in case of construction of new slaughterhouses for poultry and small ruminants in municipalities where such facilities are absent.

## Meat processing enterprises

Meat processing industry in Kosovo has increased significantly in recent years, but is still characterized by a limited number of products offered by a small number of enterprises, and only four of them have declared processing capacity.

Currently the industry is divided into two levels: level one belonging to five companies declared with capacities of 20 tons/day or more, all with a degree of risk category "A" or "B" and 36 declared with a capacity of 5 tons / day or less, with different levels of compliance with safety and quality requirements. This measure will support existing enterprises of processing to increase food safety, to protect the environment (disposal of waste and water treatment), to implement the requirements of quality control, to expand diversity of products, introduction of new technologies of production and new products and to invest in projects for renewable energy.

## FRUIT PROCESSING SECTOR

This sector is focused on apples, plums, strawberries, raspberries and blackberries (berry fruits). Groups of farmers are not able to organize fruit collection centers needed to provide better quantity and quality of packed fruits. So, there is a need to improve this condition to meet requirements of wholesale market.

## VEGETABLE PROCESSING SECTOR

Kosovo has a long tradition in the processing of vegetables, as an integral part of the food chain to every family with ancient methods of preparation. It is estimated that a considerable amount



of processed vegetables are being produced at home and for own consumption. Capacity of processing in Kosovo, at least in the aspect of processing capacity, largely exceeds the production capacity. Although the sector is fragmented in general, some of the key participants are focused on a significant part of the market. In recent years, small processors have started to produce products such as fruits, fruit jam, salads, etc. While from the production installed lines for production of fruits and vegetables the following are processed: pickles, juices, conserved vegetables, jam, marmalade, ground pepper etc. Drying capacity is limited, this system is being used mainly for medicinal and aromatic plants. The main purpose of this measure is that all enterprises processing fruits and vegetables to focus on improving the quality and safety of food and reduce losses in the process of processing.

Food safety systems are applied in a limited number of enterprises. Introduction of food safety systems requires investment in improving technology and conditions in their production facilities and acquisition of quality control equipment and IT systems . Increased storage capacity is needed to improve the market of horticultural products and potatoes and will need to have lines of classification, grading and packaging to enhance the quality of the final product and to improve the competitiveness of the sector to imports. Required facilities after harvesting and the cooling chain are of key importance for the quality of vegetables value chain. Demand and need for storage buildings with cooling systems are growing, but still very limited and concentrated in certain areas and the level of achievement of quality standards needs improvement. Therefore the measure supports the improvement and post-harvest handling and storage of raw materials and packing warehouses.

## WINE PRODUCTION SECTOR

The Ministry of Agriculture, Forestry and Rural Development has licensed 22 wine producing companies and other grape and wine production companies. Three wineries (basements) are the largest which represent approximately 90 % of total production capacity in the sector, while other wineries belong to small producers, some of them with good potential for export. There are also home made producers for wine and other strong alcoholic beverages, who in the absence of material capacities for equipment, tanks, infrastructure and hygiene - sanitary conditions have not been licensed by the MAFRD.



Wine sub-sector needs support in order to improve the implementation of best practice technology. Current orientation of companies is the market of the European Union, which is challenging and requires increase of quality of produced wine. In the current export, trade of wine in bulk prevails (open), which does not create a high profitability of companies producing wine.

This measure aims to support companies producing wines and other products from grapes and wine, registered in the register of producers and licensed by MAFRD.

## GENERAL OBJECTIVES

- Increased competitiveness of the agri-food sector through increased productivity and introducing new technologies and products.
- Alignment with EU standards and improvements in environmental protection, food safety and quality, animal welfare and traceability of the food chain and waste management.
- Strengthening links with primary production.
- Production of renewable energy in order to protect the environment.

## SPECIFIC OBJECTIVES

### MILK PROCESSING

- Implementation of national standards and the EU dairy products (hygiene, food safety);
- Modernization of dairy processing lines and other associated facilities;
- Introduction of new products or diversification of dairy industry product;
- Improved marketing of milk processing and its products;
- Improvement of residues management.

### MEAT PROCESSING

- Implementation of national and EU standards for meat products (hygiene, food safety, animal welfare and environmental protection);





- Introducing new lines of meat processing / diversification;
- Modernization of slaughterhouses including specialized slaughtering (for sheep and goats);
- Improving the marketing of meat and meat products;
- Improvement of residues management.

## PROCESSING FRUITS, VEGETABLES AND WINE

### PRODUCTION

- Implementation of national and EU standards for meat products (food safety, quality);
- Improved processing technology and other associated facilities (storage depots / cooling) by introducing equipment / new technology;
- Diversification of products;
- Improved marketing;
- Improvement of residues management.

## THE CONNECTION WITH THE OTHER MEASURES IN ARDP

This measure has interconnections with other measures of ARDP, such as:

- Measure 101 "Investments in physical assets in agricultural economies" and,
- Measures 302 "Diversification of farms and business development"

Up to date, a considerable support has been provided through national schemes and grants from IPA/EU for processing industry. Implementation of the measure will be coordinated with other sources of support, given the strict criteria of demarcation, which will be created during the programming and implementation of ARDP.



## FINAL BENEFICIARIES

Beneficiaries may be milk, meat, fruit and vegetables processing enterprises and wine producers, registered in the Business Registration Agency of Kosovo. An enterprise may consist of one or more objects (local unit of production). In the wine sector, applicants must be registered in the Registry of Wine Producers in Kosovo. An enterprise may consist of one or more objects (local unit of production). Final beneficiaries under this measure are farmers, by definition by Law on Agriculture and Rural Development (L-03/098) and other agricultural enterprises registered in the Farms Registry.

## COMMON CRITERIA OF ACCEPTANCE

### TYPES OF SUPPORTED ENTERPRISES

Micro, small and Medium Enterprises as specified by Law no. 03/L-031 - the law on amendment and supplementation of Law 02/L-5 on Support of Small Enterprises can be supported only. Category of Micro, Small and Medium Enterprises consists of enterprises employing less than 249 persons, and that have an annual turnover which does not exceed 50 million €, and/or balance sheet in total not exceeding 43 million €, and be registered according to national legislation as food processor.

### NATIONAL STANDARDS

The whole enterprise of beneficiaries must comply with relevant national minimum standards in force at the end of the project implementation (before the final payment). Full and updated list of these national key relevant standards can be obtained on the website of the Agricultural Development Agency.

### ECONOMIC SUSTAINABILITY OF THE ENTERPRISE

All applicants must submit a business plan, in accordance with the model required by the Agricultural Development Agency. In the case of construction or renovation, must also submit a



technical project of the plan of construction or renovation. Applicant shall demonstrate the sustainability of agricultural economy in the business plan in the end of project implementation. The enterprise must demonstrate that it can fulfill its obligations and debts regularly, without jeopardizing the normal functioning of the enterprise.

Model for the business plan and instructions for its preparation will be part of the application form published on the website of the Agricultural Development Agency and will be available to all potential beneficiaries.

## OTHER ELIGIBILITY CRITERIA

In the case of construction projects, applicants in the case of applying must submit:

- Copies of sketches of the facility and a bill of quantity of material expenses and planned work;
- Copy plan of the parcel where investment will be made;
- Possession list of the parcel where investment will be made;
- Urban consent from the competent authority (municipality) for building permits.

While before the final request for payment in Agriculture Development Agency, must submit as follows:

- Construction permit from the Competent Authority of the municipality,
- Environmental impact assessment, if prescribed by law.
- Beneficiaries must testify that they have paid tax liabilities towards TAK
- Beneficiaries can not be given a new project if previous projects are not completed appropriately.
- Investments funded by the Rural Development Program 2015 can not be funded by the EU office or any other public donors. In case of discovery that the recipient has attempted to take support from both public resources for investing the same, he is not given the support or if he has taken it, he will be forced to return the funds received and sanctions will apply in accordance with the law

## CHECKLIST FOR ENVIRONMENTAL CHOICE



With the selection of beneficiaries, before signing the contracts for financing rural development projects, the projects selected will be subject to environmental assessment procedure, according to Selection Environmental Checklist (Appendix. 15). Checklist will be completed by ADA giving additional information to the section " Specific characteristics" to clarify the answers given. If one or more answers on the checklist is positive (YES), then the project will have an impact on the environment, and as such requires the preparation of the Environmental Management Plan (EMP). Mitigation measures provided in the checklist will be the guiding point for the preparation of EMP. Approval process for the project requires that all mitigating measures are accepted and approved for implementation by the applicant. Preparation of EMP will be obligatory to the applicant, while spending for its preparation will be considered as administrative cost.

## SPECIAL REQUIREMENTS OF ELIGIBILITY

- Eligible are investments in the milk, meat, fruit, vegetable and wine processing sector, and the marketing expenses for their promotion.
- Eligible expenses of marketing for all sub-measures of measure 103 are: preparation and printing of catalogs, flyers, brochures, posters etc. to promote products, but not their distribution.
- Production of audio and promotional video-spots, but not their media distribution.
- Maximum value of eligible expenses for marketing is limited in 5% of eligible investment.

## Milk and meat processing sectors

Potential beneficiaries are entities which have developed their activity in the sector for at least 2 years before the date of application and are registered in the Business Registration Agency of Kosovo and the Food and Veterinary Agency, according to the categories of enterprises for food processing.

- Category "A" = small degree of risk
- Category "B" and "C" = the second and third degree of the risk
- Category "D" = high degree of risk



Beneficiaries of Category "D" are acceptable only in case of reconstruction due to the closure of the existing facility.

## Sectors of fruit and vegetables processing

Potential beneficiaries are entities which have developed their activity in the sector for at least 2 years before the date of application and are registered in the Business Registration Agency of Kosovo. In the case of investment in collection and packaging centers: minimum capacity of storage should be at least 500 tons of production.

## Wine production sector

Potential beneficiaries are entities registered in the Registry of Wine Producers. Entitled to apply are wine producers that ensure more than 50% of the raw material (grapes) from other producers (not own production) This criterion does not apply to wine producers who own over 50 hectares of vineyards. Potential beneficiary also must prove that he has declared the annual wine production, and the remaining stocks.

## ELIGIBLE INVESTMENTS

- Construction or renovation of facilities (purchase of property is excluded);
- Purchase of new machinery and equipment, including computer programs.
- Other expenses related to the project, such as costs for architect, engineer and expenses for the preliminary study and the extraction of relevant documents and permits are accepted up to 7 % , but not more than € 20,000 of eligible expenses for the project, and costs for the preparation of the business plan are eligible to 3 % of eligible costs for the project, but no more than 5,000 €;
- Administrative costs, although occurring before signing the contract, are acceptable only if the project is selected and contracted by the Agency for Agricultural Development Agency.

## ELIGIBLE INVESTMENT FOR SECTORS



## Eligible investment for milk sector

- Investments in renovation and modernization of the dairy;
- Investments in equipment to improve the hygiene and quality of products, (HACCP, ISO 22000);
- Investments in equipment to improve environmental protection; management of residues and water;
- Investments in the construction and equipping of milk collection points and the specialized transportation;
- Investments in equipment for new products and contemporary packaging;
- Investments in technology for the production of renewable energy.

## Eligible investment for meat sector

### SLAUGHTERHOUSES

- Renovation, expansion and modernization of slaughterhouses including refrigerated stores;
- Reconstruction / replacement of existing slaughterhouses of D category;
- Equipment and facilities for peeling, collection and curing leathers;
- Slaughterhouse equipment;
- Construction / reconstruction of refrigerated stores;
- Special trucks for transport of live animals that meet the requirements for animal welfare;
- Stable for placing animals before slaughtering;
- Refrigerated trucks for transportation of meat;
- Machines, equipment and warehouses for waste and by-products treatment;
- Investments in establishing food safety systems (HACCP, ISO 22000);
- IT, hardware and software for monitoring, control and management;
- Investments in production of renewable energy.



## MEAT PROCESSING UNITS

- Renovation, expansion of existing facilities - including refrigerated warehouses with accessories;
- Reconstruction / replacement of existing processing facilities of D category;
- Investments in new equipment and expansion / replacement of existing equipment;
- Investments in the implementation of safety standards;
- Investments for the diversification of products;
- Investments in environmental protection, equipment for the treatment and elimination of waste;
- Facilities and equipment for quality control, including laboratories;
- Implementation of safety standards (HACCP, ISO 22000);
- Cooling and freezing rooms for preservation of ready made products;
- Special vehicles for transport of raw materials and finished products to retailers;
- Investments in production of renewable energy.

## Eligible investment for fruits and vegetables

- Construction / renovation / modernization of facilities for processing, in accordance with the relevant EU standards;
- Lines for conservation / pasteurization of fruits and vegetables, equipment for drying / tunnels, etc.;
- Facilities and equipment for treatment after harvest, classification, labeling, packaging and storage;
- Equipment for packaging, labeling, including filling lines, wrappers and other specialized equipment;
- Investments in renewable energy production;
- Equipment for cooling chain, including warehouse for cooling and refrigeration, freezing tunnels, refrigerated transport and other equipment necessary to ensure continuity in the cold chain;
- Facilities and equipment for quality control, including laboratories;
- Implementation of safety standards (HACCP, ISO 22000);



- Investments in environmental protection, equipment for the treatment and elimination of waste;
- Specialized vehicles for transportation of raw materials and finished products, with and without refrigeration;
- IT, hardware and software for monitoring, control and management.

## Eligible investment for wine production

- Construction / renovation of facilities for the production and processing of wine;
- Wine processing equipment;
- Implementation of safety standards (HACCP, ISO 22000) etc.;

## SELECTION CRITERIA FOR SUB-SECTORS

Table 9: Milk processing sector

No.	Selection Criteria	Points
1.	Enterprises applying for certification with HACCP or ISO 22000, which specify the necessary investments for certification to these standards	30
	Applicants or enterprises that are fully certified with HACCP or ISO 22000	20
2.	Investments that lead to the diversification of production: Introduction of at least 2 new products	10
3.	Applicants sales during 2014 were from 200,000 € to 2,000,000 €, proved by financial statement submitted to the TAK.	10
4	Applicant has not been the beneficiary of grants of MAFRD, in the past two years	10
5.	Experience of the enterprises in the market: For $\geq 2 - \leq 3$ years - 4 points For $\geq 3 - \leq 4$ years - 6 points For $\geq 4 - \leq 5$ years - 8 points For $> 5$ years - 10 points	10





6.	Investments related to environmental protection: Investment has been made for waste treatment and water purification for at least 10% of the total value of the project.	10
7.	At least 10 % of the eligible investments allocated to renewable energy production	5
8.	Creation of new jobs: for every new employee hired, 2 points are gained, but no more than 10 points	10
9.	Applicants have had positive business during the past 2 years (to prove it with the financial statements submitted to TAK)	5
<b>TOTAL</b>		<b>100</b>

Table 10: Meat processing sector

No.	Selection Criteria		Points
1.	For slaughterhouses (in case we have at least 50% of public support for slaughterhouses)	Enterprises applying for certification with HACCP or ISO 22000, which specify the necessary investments for certification to these standards	35
		Applicants or enterprises that are fully certified with HACCP or ISO 22000	30
		Introducing specialized lines for slaughtering small ruminants (sheep and goats)	10
2.	For meat processors (in case we have at least 50% of public support for meat processors)	Enterprises applying for certification with HACCP or ISO 22000, which specify the necessary investments for certification to these standards	35
		Applicants or enterprises that are fully certified with HACCP or ISO 22000	30
		Investments enabling diversification of production with by at least two new products	10
3.	At least 30 % of raw materials (animal or meat) is used from domestic production. This should be evidenced through contracts: with the farmers		10



	in case of slaughterhouses and butchers in the case of meat processors.	
4.	Applicant has not been the beneficiary of grants of MAFRD, in the past two years	10
5.	Investments related to environmental protection: Investment has been made for waste treatment and water purification for at least 10% of the total value of the project	10
6.	Experience of the enterprises in the market: For $\geq 2 - \leq 3$ years - 4 points For $\geq 3 - \leq 4$ years - 6 points For $\geq 4 - \leq 5$ years - 8 points For $> 5$ years - 10 points	10
7.	Creation of new jobs: for every new employee hired, 2 points are gained, but no more than 10 points	10
8.	Applicants have had positive business during the past 2 years (to prove it with the financial statements submitted to TAK)	5
<b>TOTAL</b>		<b>100</b>

Table 11: Sectors of fruit and vegetables processing

No.	Selection Criteria	Points
1.	Investment for storage centers or processing: building new centers or renovation / expansion of existing centers, including equipment for cooling and freezing, for sorting / packing / labeling.  <b>Attention:</b> In the case of storage centers, investments are acceptable only in facilities with a capacity of over 500 tons.  Points from this criterion are calculated on condition that at least 25 % of the total investment is dedicated to the aforementioned investment.	35
2.	Investments leading to diversification of production: the introduction of new processing lines for new products at the enterprise level.	10



3.	Experience of the enterprises in the market: For $\geq 2 - \leq 3$ years - 4 points For $\geq 3 - \leq 4$ years - 6 points For $\geq 4 - \leq 5$ years - 8 points For $> 5$ years - 10 points	10
4.	At least 80 % of production is collected from domestic production. This should be evidenced through contracts with farmers, including a list of farmers and the amount received.	10
5.	Applicant has not been the beneficiary of grants of MAFRD, in the past two years	10
6.	Investments related to environmental protection: Investment has been made for waste treatment and water purification for at least 10% of the total value of the project	10
7.	Creation of new jobs: for every new employee hired, 2 points are gained, but no more than 10 points	
8.	Applicants have had positive business during the past 2 years (to prove it with the financial statements submitted to TAK)	5
<b>TOTAL</b>		<b>100</b>

Table 12: Wine processing sector

No.	Selection Criteria	Points
1.	Investments in production line for bottled wine	30
2.	Investment in storage facilities or equipment. At least 25 % of the investment is for the above mentioned investments	20
3.	Contractual relationships: at least 80 % of the collected products must come from local products and have contractual relationships with farmers	15



4.	Applicant has not been the beneficiary of grants of MAFRD, in the past two years (2013/2014)	10
5.	Experience of the enterprises in the market: For $\geq 2 - \leq 3$ years - 4 points For $\geq 3 - \leq 4$ years - 6 points For $\geq 4 - \leq 5$ years - 8 points For $> 5$ years - 10 points	10
6.	Creation of new jobs: for every new employee hired, 2 points are gained, but no more than 10 points	10
7.	Applicants have had positive business during the past 2 years (to prove it with the financial statements submitted to TAK)	5
<b>TOTAL</b>		<b>100</b>

**REMARKS ON ALL THE SUB-MEASURES: IN CASES WHERE APPLICANTS HAVE THE SAME NUMBER OF POINTS, PRIORITY IS GIVEN TO PROJECTS SUBMITTED EARLIER**

## **DEGREE OF PUBLIC SUPPORT**

- Maximum value of eligible costs for projects within this measure is 30,000 €.
- Maximum value of eligible costs for this project is 400,000 €.
- Intensity of public support is 50% of eligible costs.
- For investments in waste treatment the intensity of public support increases for 10 %; only for the part of investment for the purpose of public support is 60 %;
- Payment for measure 103 is made in two installments; the first part of the public support in value of 50% is paid in form of advance payment following signature of the contract with the beneficiary, whereas the remaining part of 50% is paid following conclusion of total investment.



## BUDGET

Table 13: Indicative budget by sector is as follows

Sectors	Value in €	% budget
Milk	1,400,000	28
Meat	1,400,000	28
Fruits and vegetables	1,400,000	28
Wine	800.000	16
<b>Total</b>	<b>5,000,000</b>	<b>100%</b>

Table 14: Indicators and goals which should be set in the program

Type of indicators	Indicators	Aim 2015	
<b>Revenues</b>	Total value of public support	5,000,000	
	103.1. Milk processing	1,400,000	
	103.2. Meat processing	1,400,000	
	103.3. Total processing of fruits and vegetables (including wine)	2,200,000	
	Of which	103.3.1. Processing of fruits and vegetables	1,400,000
		103.3.2. Wine production	800.000
<b>Output</b>	Total number of supported enterprises	43	
	103.1. Milk processing	12	
	103. 2 Meat processing	12	
	103.3 Total processing of fruits and vegetables (including wine)	19	
	Of which	103.3.1. Processing of fruits and	12



	vegetables	
	103.3.2. Wine production	7
	Total volume of investments (€)	7,250,000
Of which	In physical capital	6,887,500
	In marketing	362.500
	103.1. Milk processing	2,030,000
	103.2. Meat processing	2,030,000
	103.3. Total processing of fruits and vegetables (including wine)	3,190,000
Of which	103.3.1. Processing of fruits and vegetables	2,030,000
	103.3.2. Wines	1,160,000
<b>RESULTS</b>	Number of enterprises with improved standards in accordance with national and EU standards in food safety / animal welfare / environment	34
	Number of enterprises modernized including new products and / or new production techniques	39
	Number of enterprises with improved marketing	34
	Consolidated number of farmers under contractual relations	34
	Number of enterprises which include and improve waste treatment and their management	11
	Number of enterprises that produce renewable energy	2
<b>**IMPACT</b>	<b>***Economic growth - as addition of net value to gross value in supported businesses</b>	15%
	Creating jobs - of the total gross addition of Full Time Equivalent (FTE) the creation of jobs in supported enterprises	100
	<b>***Productivity of work as change - Gross Added Value GAV for FTE of work in supported enterprises</b>	15%



## **ADMINISTRATIVE PROCEDURE**

This measure shall be implemented by the Agriculture Development Agency. Administrative procedures in detail will be presented in the administrative instruction which is approved by the Minister of Agriculture, Forestry and Rural Development and will be published in the official gazette.

## **PROJECT IMPLEMENTATION TIME FRAME**

Deadline for implementation of projects of this size is 12 months from the date of signing the contract with ADA. Following this period, the beneficiary has 15 more days to prepare documentation and submission of the request for payment. ADA can extend the deadline for implementation for more than 2 months, if there is a strong reason for this, such as bringing of any specific machinery from any foreign country etc.

## **GEOGRAPHIC SCOPE OF THE MEASURE**

This measure is applied in the entire territory of Republic of Kosovo.



# Measures 302: Diversification of farms and business development

## LEGAL FRAMEWORK

Law No. 03/L-098 - on Agriculture and Rural Development, dt. 1 July 2009;

Law No. 03/L-016- On Food, dt. 6 March 2009;

Law No. 03/L-029 - On Agricultural Inspection, dt. 13 December 2008;

Law No. 02/L-122 - On Organic Farming in Kosovo, dt. 8 January 2008;

Law No. 02/L-111 - On Beekeeping, dt. 8 February 2008;

Law No. 2005/47 - On Wines, dt. 14 October 2005;

Law No. 2004/21 - on Veterinary, dt. 30 July 2004;

Law No. 04/L-191 - On Livestock, dt. 14 October 2004;

Law No. 2003/3 - On Kosovo Forests, dt. 20 March 2003;

Law No. 03/L-025 - For Environmental Protection, dt. 19 March 2009;

Law No. 04/L-074 - On the Agricultural Advisory Services and Rural Development, dt. 19 March 2012;

## RATIONALE

Rural areas have a great importance for the overall development of the country and represent a great potential for diversification of economic activities, creating jobs and creating additional revenue.

Kosovo's economy suffers from high unemployment. Unemployment rate in 2013 was about 30% of labor force.<sup>2</sup>Unemployment is higher at women and youth. Living conditions in rural areas are more difficult, therefore we face continuous migration to urban areas.

Key problems people from rural areas face include as follows:

- Lack of jobs;
- Migration, especially rural youth;

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<sup>2</sup>Green Report 2014





- High dependence on employment in agriculture;
- Lack of services in rural areas.

Measure 302 "Diversification of farm and business development" aimed at creating new jobs and maintaining existing ones. Support of new economic activities should lead to poverty reduction in rural areas and improve living conditions.

In accordance with the conclusions of the sectoral analysis on diversification of the rural economy in Kosovo, diversification (multiplication) of economic activities in rural areas is seen as a long-term perspective for the development of rural economy and a convenient way to create sustainable employment in rural areas.

Measure "Diversification of farm and business development" is a measure which supplements the measure "Investment in physical assets of agricultural economies" as this is a supportive measure for non-agricultural activity and a range of other activities providing services to population in rural areas which take agricultural activities in order to support and facilitate agricultural production. Both measures will contribute to increasing revenues agricultural economies of non-agricultural activities and the activities of providing services for agriculture in rural areas. Within the measure, priority is given to projects implemented in the areas proposed by female entrepreneurs and young farmers. High priority is also given to projects to create jobs and rural tourism. Additional priority will be given to projects recommended by the LAG-s.

This measure consists of the following sub-measures:

302.1. - Beekeeping - production, processing and marketing of honey

302.2. - Collection and processing of non-wood products from the forests and their marketing<sup>3</sup>

302.3. - Processing of agricultural products (cultivated) and their marketing<sup>4</sup>

302.4. - Development of craftsmanship activities and their marketing<sup>5</sup>

302.5. - Development of rural tourism and farm tourism

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<sup>3</sup> medicinal and aromatic plants, forest fruits and mushrooms collected

<sup>4</sup> vegetables, fruits, spices, herbs, mushrooms, milk, cider, wine, brandy from grapes and other fruits, the production of vinegar, dough processing

<sup>5</sup> processing of textile, leathers, wool; wood processing; handicrafts, such as the preparation of traditional costumes; knitting traditional clothing; production of knitted and woven fabrics; embroidery / weaving of carpets and rugs; preparation of various jewelers; processing of leathers and other activities that are handicraft work



## GENERAL OBJECTIVES

Generating new jobs and their preservation through diversification and development of business activities in rural areas, with the purpose of impeding migration of population to urban areas and for a sustainable development of rural areas.

## SPECIFIC OBJECTIVES

- To support the increase of revenues of the population in rural areas through development of diversification activities in farm and outside the farm;
- Support development of small enterprises based on local resources and interrelated with life quality improvement in rural areas;
- Support preservation and development of traditional handicraft activities;
- Support development and promotion of activities and services in rural tourism.

## THE CONNECTION WITH THE OTHER MEASURES IN ARDP

This measure has interconnections with other measures of ARDP, such as:

- Measure 101 "Investments in physical assets in agricultural economies"
- Measure 103 "Investments in physical assets in the processing and marketing of agricultural products" and
- Measure 303 "Preparation and implementation of local development strategies - LEADER"

## FINAL BENEFICIARIES

Final beneficiaries under this measure are farmers, by definition by Law on Agriculture and Rural Development (L-03/098) and other agricultural enterprises registered in the Farms Registry. Legal persons may be beneficial only if they are registered as micro or small enterprise by definition of the Law on Amendments and Supplementation to the Law 02 / L- 5 - For support of Small and Medium Enterprises:



- Micro-enterprise must have up to nine (9) employees;
- Small enterprise should employ from ten (10) to forty nine (49) workers;

## COMMON CRITERIA OF ACCEPTANCE

- Must be registered in the Farms Registry;
- If the applicant is a natural person, he must be over 18 years old, but not older than 60.
- Applicants must submit an application with all required documents as per list of required documents and presented in the guideline for applicants;
- Investment must be carried out in rural areas (as per definition of MAFRD);
- Applicants must have completed at least high school; (in case of legal person this is valid for the manager);
- Applicants should have regulated tax obligations as follows: property tax natural persons, and legal persons tax in profit and are not allowed to have financial obligations to MAFRD;
- All beneficiaries of projects of rural development must maintain their investment during the five years after the implementation of investment, for as long as monitoring period lasts. If they do not maintain investments, the beneficiary is obliged to turn back the public support;
- For investment projects, where the eligible investments are lower or equal to 20,000€, the applicants must submit a project proposal as per MAFRD model. Project-proposal for sub-measure of rural tourism is separate;
- For investment projects in which the acceptable investments are greater than 20,000 €, applicants must submit a business plan according to the model of the MAFRD. Business plan for sub-measure of rural tourism is separate;
- Model for the technical project-proposal and for business plan will be published on the website of the Agricultural Development Agency and will be available to all beneficiaries.
- All beneficiaries who in their business plan have declared that they will create new jobs and for this have scores during the assessment, they have to create them and to testify by the payment of pension contribution and tax on salaries for at least the last month



before the last request for payment. Beneficiaries are required to keep these jobs filled by full-time workers for 5 years, so for as long as monitoring period lasts;

- Investments funded by this scheme of grants can not be funded by the EU office or any other public donors. In case of discovery that the recipient has attempted to take support from both public resources for investing the same, he is not given the support or if he has taken it, he will be forced to return the funds received and sanctions will apply in accordance with the law;
- Beneficiaries can not be given a new project if previous projects are not completed appropriately;

In the case of projects of construction / renovation / expansion when applying, the following must be submitted:

- Copy of sketches and evaluation of expenses for materials and for work;
- Copy plan of the parcel where investment will be made;
- Consent from the community; (if required by Law);
- Possession certificate or notarized contract of lease for at least 10 years for plot or object which will be constructed / reconstructed or expanded, and for projects that do not foresee construction / renovation / expansion in foreign property, the loan contract for 5 years is sufficient;

In the case of projects of construction / renovation / expansion, before the request for payment in ADA, potential beneficiaries must submit:

- Construction permit from the municipality, in the case of buildings that are over 10m<sup>2</sup>;
- Environmental impact assessment, (if prescribed by law);

For sub-measure 302.5, beneficiaries who invest in facilities that are on the List of Cultural Heritage, after signing the contract with the Agricultural Development Agency, but prior to investment commencement, must obtain the consent of the Ministry of Culture / Department of Cultural Heritage

## **SPECIAL REQUIREMENTS OF ELIGIBILITY**

- Beekeeping - production, processing and marketing of honey



Applicants must:

- Have at least 30 hives of bees;
- Prove sufficient agricultural experience and competence by meeting one of the following conditions:
- Faculty of Agriculture or Agricultural High School;
- If the applicant does not have the high school completed, must make a written statement pledging to follow a training course with a duration of at least 20 hours prior to the final payment application.

## - Collection and processing of non-wood products from the forests and their marketing

Applicants must be:

- Legal persons;
- Licensed by the Department of Forestry of MAFRD for collection of medical and aromatic plants, forest fruits and mushrooms. This criterion does not apply to applicants who apply to be equipped with dryers for non-wood products from the forest.

## - Processing of agricultural products (cultivated) and their marketing

Applicants must:

- In the case of wine and brandy to possess less than 4 hectares of vineyards;
- In the case of dairy processing handling capacity should not exceed 500 liters per day.

## - Development of craftsmanship activities and their marketing

There are no specific criteria.



## - Development of rural tourism and farm tourism

Applicants must:

- Prove that the object which will be renovated / adjusted / expanded must suit to respective (traditional) style of the rural area and supported by photographs for existence of that building with traditional construction (at the time of application);
- Beneficiaries who invest in facilities that are on the List of Cultural Heritage, after signing the contract with the Agricultural Development Agency, but prior to investment commencement, must obtain the consent of the Ministry of Culture / Department of Cultural Heritage;
- Beneficiary, after signing the contract with ADA, should bring the project designed by competent architect, customized appearance of the object shown in the photograph at the time of application;
- In the case of projects with inns, at the end of the investment the object should not be less than 5 and no more than 15 beds;
- In the case of investments in the construction of pedestrian and bicycle paths surrounding rural tourism facilities, ( in case of application should bring the consent of property owners for property passing through this path, notarized by a notary);
- Commitment that in the end of investment (before the request for payment) the beneficiary shall record its economic activity (business) in the KBRA and that will employ at least him/herself and the payment of taxes and contributions in income of at least one month.

## ELIGIBLE INVESTMENTS

- Maximum eligible costs for marketing cannot exceed 10% of the total value of eligible investment. Investments for the marketing of products produced and processed are: promotional materials, fees for participation in local / national fairs;
- Expenses for preparation of the business plan or project proposal can not exceed 3% of eligible costs;
- In the case of investments that provide construction / renovation of facilities, costs for architects and engineers are acceptable to the value of 7 % from eligible costs.



## ELIGIBLE INDICATIVE INVESTMENTS ACCORDING TO SUB-MEASURES

### - Beekeeping - production, processing and marketing of honey

- Investments in the hive, the production of honey, in machinery and equipment for processing;
- Specialized trailers to transport the hives, only those over 50 hives;
- Investments in equipment for bee milk extracting;
- Investments in equipment for the cultivation of queens;
- Building, renovation of the room / object of honey;
- Purchase of equipment to laboratories for analysis of honey and bee products;
- Purchase of technological lines for honey processing;
- Packaging machines of various types.

### - Collection and processing of non-wood products from the forests and their marketing

- Building/renovation of facilities for the storage, processing and packaging of medicinal plants, forest fruits and collected mushrooms;
- Purchase of equipment for washing, cleaning, storage, sorting and processing;
- Purchase of equipment for cooling, deep freezing, drying, etc.;
- Purchase of shelves for drying;
- Equipment for weighing (weight scale) packaging and labeling.

### - Processing of agricultural products (cultivated) and their marketing

- Construction / renovation facilities for production, processing and storage of products;
- Construction / renovation of the facility with traditional interior for use as points of sale for local products; (to write in the project proposal);
- Investments in machines and processing equipment for cleaning, sorting, drying, agglomeration, storage (cooling refrigerators with freezer, oven for baking pastries,



various mixers for pasta, brandy production equipment, equipment for filling the brandy and wines);

- Equipment for weighing, packaging and labeling;
- Investments in specific equipment for processing with emphasis on improving food safety and quality.

## - Development of craftsmanship activities and their marketing

- Construction / renovation of the facility for the development of craft activities and the preservation of products;
- Construction / renovation of the facility with traditional interior for use as points of sale for local products; (to write in the project proposal);
- Investments in buying equipment for knitting and weaving of fabrics;
- Investments in the purchase of equipment for making of carpets and rugs;
- Investments in the purchase of equipment for processing leather;
- Investments in the purchase of equipment for processing wood and other craft activities;

## - Development of rural tourism and farm tourism

- Renovation / adaptation / expansion traditional facilities to use as inns and gastronomic service delivery; (with not less than 5 and not more than 15 beds)
- Renovation of buildings with traditional views (e.g. mill, toilet etc.), for use as points of sale for local products, for providing traditional gastronomic services, to provide information for that rural area;
- Investment in the construction of pedestrian and bicycle paths surrounding rural tourism facilities;
- Purchase of equipment needed to set / furnishing the rooms, kitchen, hall where food is provided (beds, chairs, tables, chairs, etc.);
- Purchase of equipment that offer fun activities for children (helter-skelter, swings, table-tennis table, etc.);
- Investments in creating the website.





## SELECTION CRITERIA FOR SUB-MEASURES

Table 15: Beekeeping production / processing and marketing of honey

No.	Type of criteria	Criteria / Category	Points
1	Size of the farm at the time of application	No. of hives	
		30-100	30
		101-300	20
		>300	15
2	Experience in beekeeping and honey production	Value of production in two last years: 1,000- 3,000 €	20
		> 3,000 €	15
3	Ensuring employment in rural areas (creating jobs is measured by units equivalent to full time - FTJ)	Creating a new jobs FTJ <sup>6</sup>	10
4	Location of farm / business	Is located in mountainous area	10
		Is located in mountainous area	8
5	Support for the first time	Applicant has not been the beneficiary of grants of MAFRD, in the past two years	10
6	Gender aspect	Investment is led by women entrepreneurs	2
7	Education background	Faculty of Agriculture	8
		High Agricultural School	5
8	Improving age structure in rural areas	Young entrepreneurs under 40 years	5
9	Developed organic farming	Certified for organic production	3
10	Joint activities	Member of the Association of Beekeepers	2
<b>TOTAL</b>			<b>100</b>

<sup>6</sup> (FTJ = full time job = 220 working days per year)



Table 16: Collection and processing of non-wood products from the forests and their marketing

No.	Type of criteria	Criteria / Category	Points
1	Experience in collecting / processing activity	Value of production in two last years: 0 - 1,000 €	25
		1,001 - 3,000 €	30
		> 3,000 €	35
2	Ensuring employment in rural areas (creating jobs is measured by units equivalent to full time - FTJ)	Creating a new jobs FTJ	10
3	Location of farm / business	Is located in mountainous area	15
		Is located in mountainous area	10
4	Support for the first time	Applicant has not been the beneficiary of grants of MAFRD, in the past two years	10
5	Gender aspect	Investment is led by women entrepreneurs	2
6	Education background	Faculty of Agriculture/Forestry	8
		High Agricultural/Forestry School	5
7	Improving age structure in rural areas	Young entrepreneurs under 40 years	10
8	Developed organic farming	Certified for organic production	10
<b>TOTAL</b>			<b>100</b>



Table 17: - Processing of agricultural products (cultivated) and their marketing

No.	Type of criteria	Criteria / Category	Points
1	Diversification of farm activity (description in the project proposal or in business plan)	In addition to the primary agricultural activity, applicant deals with any other agricultural/processing activity.	30
2	Experience of applicant in processing activities (statements in the project proposal and statement of income for legal persons)	Has experience at least one year in listed processing	20
		There is no experience in listed processing	15
3	Ensuring employment in rural areas (creating jobs is measured by units equivalent to full time - POP)	Creating a new jobs FTJ	10
4	Investment position	Is located in mountainous area	10
		Is located in mountainous area	8
5	Education background	Faculty of Agriculture	10
		High Agricultural School	8
6	Gender aspect	Investment is led by women entrepreneurs	10
		Investment is led by men entrepreneurs	8
7	Improving age structure in rural areas	Young entrepreneurs under 40 years	10
<b>TOTAL</b>			<b>100</b>



Table 18: - Development of craftsmanship activities and their marketing

No.	Type of criteria	Criteria / Category	Points
1.	Gender aspect	Investment is led by women entrepreneurs	25
		Investment is led by men entrepreneurs	15
2.	Improving age structure in rural areas	Entrepreneurs under 40 years old	15
		Entrepreneurs over 40 years old	10
3.	Family size (by the certificates of the family)	Over 8 members	15
		6 to 8 members	10
		Up to 5 members	5
4.	Investment position	Is located in mountainous area	15
		Is located in mountainous area	10
5.	Ensuring employment in rural areas (creating jobs is measured by units equivalent to full time - FTJ)	Creating a new jobs FTJ	10
6.	Experience of the applicant in handicraft activity (applicants as legal persons prove the experience through financial statement for the previous year, whereas applicants as natural persons describe their experience in the project proposal)	Has experience in providing any of the listed handicrafts	10
		Has no experience in providing listed services	5
7.	Education background	Faculty	10
		Secondary School	8
<b>TOTAL</b>			<b>100</b>



Table 19: Development of rural tourism and farm tourism

No.	Type of criteria	Criteria / Category	Points
1.	Type of tourism (to include in the project proposal or business plan)	Applicant has a farm	20
		Applicant does not have a farm	15
2.	Place of investment	Investing in mountainous areas	10
		Investing in rural areas	5
3.	Type of investment (scores are calculated only for a sub-criterion)	Investments in hostels (with at least 5 new beds)	20
		Investments in gastronomic service delivery	15
		Investment in walking and bicycle trails	10
4.	Improving age structure of entrepreneurs in rural areas	Young entrepreneurs under 40 years	10
5.	Gender aspect	Investment is led by women entrepreneurs	5
		Investment is led by men entrepreneurs	3
6.	Ensuring employment in rural areas (creating jobs is measured by units equivalent to full time - FTJ)	Creating a new jobs FTJ	5
7.	Experience of applicant in rural tourism	Has experience in providing any of the listed services	5
		Has no experience in providing listed services	3
8.	Renovation of a traditional object:	Is in the List of Cultural Heritage	10
		Is not in the List of Cultural Heritage	5
9.	Education background	Faculty	5
		Secondary School	3
10.	Support from LAG	Project has been recommended by LAG	10



		with the approved strategy	
		Project that does not have recommendation from the LAG	8
<b>TOTAL</b>			<b>100</b>

**REMARKS ON ALL THE SUB-MEASURES: IN CASES WHERE APPLICANTS HAVE THE SAME NUMBER OF POINTS, PRIORITY IS GIVEN TO PROJECTS SUBMITTED EARLIER**

## THE DEGREE OF PUBLIC SUPPORT

- Minimal cost value acceptable for the project, for all sub-measures of this measure is 5,000 €.
- Maximal cost value acceptable for the project, for all sub-measures is 30,000 €, except for sub-measure 302.5 which is 50,000 €
- Public support is 65% of the acceptable investment cost.

## BUDGET

Table 20: Budget Allocation for sub-measures is as in the following:

Sub-measures	Value in €	% of budget
302.1. Bee-keeping, production/processing and marketing of honey	300,000	20%
302.2. Processing non-wood products of mountain and their marketing	300,000	20%
302.3. Processing (cultivated) agricultural products and their marketing	300,000	20%
302.4. Development of craftsmen activities and their marketing	300,000	20%
302.5. Development of rural tourism and tourism at farm	300,000	20%
Total	1,500,000	100%



Table 21: Monitoring Indicators

<b>INDICATOR TYPE</b>	<b>Indicator</b>	<b>Aim Year 2015</b>	
<b>INPUT</b>	Total	1,500,000	
	302.1. Bee-keeping, honey production / processing and trading	300,000	
	302.2. Accumulation and processing of non-wood products of mountain and their marketing	300,000	
	302.3. Processing of cultivated agricultural products and their marketing	300,000	
	302.4. Development of craftsmen activities and their marketing	300,000	
	302.5. Development of rural tourism and tourism at farm	300,000	
<b>OUTPUT</b>	Total number of supported projects	85	
	From which	302.1. Bee-keeping, honey production / processing and trading	26
		302.2. Processing non-wood products of mountain and their trading	26
		302.3. Processing of cultivated agricultural products and their trading	26
		302. 4 Development of craftsmen activities and their marketing	26
		302.5. Development of rural tourism and tourism at farm	8
	Total investment value	2,100,000	



	From which	302.1. Bee-keeping, honey production / processing and trading	420,000
		302.2. Processing non-wood products of mountain and their marketing	420,000
		302.3 Processing of cultivated agricultural products and their marketing	420,000
		302.4. Development of craftsmen activities and their marketing	420,000
		302.5. Development of rural tourism and tourism at farm	420,000
<b>RESULT</b>		Number of new workplaces created	64
		Number of farms and enterprises which create other resources of incomes from diversification activities.	55
		Number of farms or enterprises which have spread their activity towards the direction of processing	39
		Number of farms or enterprises with improved marketing	48
		Additional number of tourists	1, 095
<b>IMPACT</b>		Additional incomes (€/year) –as total additional incomes created in farms or supported enterprises	305, 187
		Agricultural work units (POP) re-allocated for non-agricultural activities	45

## ADMINISTRATIVE PROCEDURE

This measure shall be applied by the Agency on Agricultural Development. Detailed administrative procedures shall be presented in the administrative instruction which shall be





approved by the Minister of Agriculture, Forestry and Rural Development and shall be published on Official Gazette.

## **DEADLINE OF THE IMPLEMENTATION OF PROJECTS**

Deadline of the implementation of projects of this measure is 120 days from the day the contract was signed with AAD. After the period of 120 days, the beneficent has additional 15 days for preparation of documentation and submission of the request of payment. AAD may prolong the deadline of implementation for not more than 30 days, if there are strong basis for this, such as bringing specific machinery from a foreign country, etc.

## **GEOGRAPHIC EXPANSION OF THE MEASURE**

This measure is applied all across the territory of the Republic of Kosovo.



# Measure on irrigation of agricultural lands

## LEGAL BASIS

Law No. 04/L-9 - On Irrigation of Agricultural Lands, on 1 April 2007;

Law Nr. 04/L-198 - On Amendment and Supplementation of Law No. 04/L-9 - On Irrigation of Agricultural Land, on 16 August 2010;

Law No. 04/L-26 - On Agricultural Land, on 1 July 2007;

Law No. 04/L-147 - On Waters of Kosovo, on 29 April 2013;

Law No. 04/L-214 - On Evaluation of the Impact on Environment, on 29 October 2010;

Law No. 04/L-110 - On Construction, on 3 July 2012;

Law No. 04/L-042 - On Public Procurement in the Republic of Kosovo, on 19 September 2011;

Law No. 04/L-237 - On Amendment and Supplementation of Law No. 04/L-042 - On Public Procurement in the Republic of Kosovo, on 14 April 2014;

## RATIONALE

Development of a stabile agriculture, as one of the main priorities of the Government of Kosovo, cannot be achieved without the rational use of water resources and also without the settlement, rehabilitation and expansion of irrigation infrastructure.

As there is enough rain in other seasons, it lacks during summer. Therefore, there is a need to accumulate and structure waters in order to use them in summer for irrigation needs of plants.

Technical situation of a major part of irrigation infrastructure is not good. Barrages, water reservoirs, irrigation stations, pumps, canals, pipes need rehabilitation, for new constructions as well as for regular maintenance. The intensive and competitive development of agriculture, on the conditions of free market economy, hence, this is impossible without the development of irrigation system. This becomes even more important if taken into consideration the climatic changes of recent years in the future, too.



## GENERAL OBJECTIVES

- Increase of the productivity of agricultural products
- Increase of the efficiency and quality of agricultural products
- Increase of competitive skills of agricultural products.

## SPECIFIC OBJECTIVES

Modernization of irrigation and drainage system by reducing the loss of water quantity.  
Improvement of internal connections in the existing nets of irrigation.

## CONNECTION WITH OTHER MEASURES IN ARDP

This measure is interrelated with other measures of ARDP, as in the following:

- Measure 101 “Investments in physical assets in agricultural economies”

## FINAL BENEFICIARIES

Final beneficiaries under this measure are farmers, in accordance with the definition by Law on Agriculture and Rural Development (L-03/098) and other agricultural enterprises registered on the Registry of Farms, and also:

- Regional public irrigation companies;
- Municipalities;
- Associations of water users.

## COMMON CRITERIA OF ELIGIBILITY

- Form of application with project proposal, in accordance with the standard practice of MAFRD;
- Copy of a valid bank account;
- Copies of the plan of agricultural lands included in the irrigation project;
- Evidence that beneficiary farmers under the Measure 101 “Investments in physical assets in agricultural economies”, are included in the project;



- Copy of the ID card of manager and authorised person (business representative);
- All beneficiaries from rural development projects should maintain their investments during five years after the implementation of investment, as long as the monitoring period lasts;
- If the maintenance of investment is not fulfilled during this period, then the beneficiary is obliged to return the public support;
- The beneficiary should not be given a new project unless the earlier projects are finalised appropriately.

After the project is selected, the following are required:

- Copy of the evaluation of the impact on environment by MESP should be submitted before the first payment, in case it is prescribed by law;
- Construction license should be submitted before the first payment;
- The project should be brought with design and bill of quantity after the contract is signed.

## **SPECIFIC CRITERIA OF ELIGIBILITY**

- Technical project submitted should demonstrate the reduction of water loss in a minimum of 10% in case of modernisation;
- The beneficiary should contact the constructor who is experienced in earlier relevant constructions that are required and who should warranty for the construction work for at least years after the finalisation of work. The constructor of \_\_\_\_\_ and respect the national procurement legislation;
- The beneficiary should submit a written statement for contribution with 20% for the fulfilment of project;
- Minimal irrigated surface of project should be 30 hectares;
- Applicants should testify the property rights in relation with the proposed investment;
- In cases of application by Municipalities and Public Irrigation Companies, applicants should submit the detailed project, with bill of quantity and pre-calculation;
- In cases of application of public companies, applicants should submit the positive decision of the Board on the approval of investment.



## ELIGIBLE INVESTMENTS

- Acceptable costs are limited in those evidenced on the Eligible Investment List on the Measure of Irrigation of Agricultural Lands presented as Annex no. 6 of the Instruction for Applicant
- The minimal acceptable cost value for the project within this measure is 30,000 €, whereas, the maximal value of the project is 200,000 €.
- Total maximal acceptable costs for the whole period of the implementation of Agriculture and Rural Development Program 2014-2020 is 500,000 € for a beneficiary.
- Costs for preparation of business plan or project proposal should not exceed the value of 3% of acceptable costs. In case of investments which foresee: drafts, detailed engineer designs, evaluation of the impact on environment are acceptable up to the value of 7% of the acceptable costs.

Table 22: Selection Criteria

Criterion	Parameter	No. of points
Effective costs for the expansion of irrigated lands	<p>Calculation method:</p> <p>All technical projects should include data in relation with the area which was rehabilitated / expansion for irrigation and the average cost per hectar (ha).</p> <p>After all projects have been evaluated, out of the eligible projects a hierarchy of costs/ha shall be created, starting from the lowest up to the highest.</p> <p>The project with the lowest cost shall get the maximum number of points, whereas, the project with the highest cost per hectar shall get 0 (zero) points.</p> <p>The remaining eligible projects shall get points (with 2</p>	30



	<p>decimals) in accordance with this base criterion of their cost per hectare, whereas, the results shall be distributed equally.</p> <p>Calculation for points:  <math>30 * (C_p - \max C) / (\min C - \max C)</math>  <math>C_p</math> - cost for 1 extra or modernised and irrigated hectare from irrigation infrastructure for evaluated projects.</p> <p>Minimal cost C- for 1 extra modernised and irrigated hectare from irrigation infrastructure for eligible projects with minimal cost for extra or modernised and irrigated hectare.</p> <p>Maximal cost C -for 1 extra modernised and irrigated hectare from irrigation infrastructure for eligible projects with maximal cost for extra or modernised and irrigated hectare.</p>	
Irrigated surface (hectare)	30-50 hectare	10
	50,01 -75,00 hectare	15
	75,01 -100,00 hectare	20
	100,01 - 150,00 hectare	25
	More than 150,00 hectare	30
Applicant is an association for irrigation of agricultural lands		10
Number of farmers who benefit from the project	Up to 10	10
	11-20	15
	More than 20	20
In the field of project there are producers with projects funded in the Measure	Up to 5	5
	More than 5	10



101		
<b>TOTAL</b>		<b>100</b>

**remark: In cases when applicants have same number of points, projects submitted earlier are of priority**

## THE DEGREE OF PUBLIC SUPPORT

The total intensity of public support is 80% of the acceptable investment cost. The minimal acceptable cost value for a project within this measure is 30,000 €, whereas the maximal accepted cost value of the project is 200,000 €.

- For private entities (farmers and other agricultural enterprises), the payment for the irrigation measure of agricultural lands is conducted in two instalments: the first part of public support in the amount of 50% is fulfilled in the form of advanced payment after signing the contract with the beneficiary and the other part of 50% is paid after the finalisation of the general investment.

## BUDGET

Table 23: Planned Budget Allocation between sectors for 2015 is as follows:

Sectors	Value in €	% of budget
<b>Private (farmers, other agricultural associations and enterprises)</b>	1,000,000	50%
<b>Public (Municipalities and regional public irrigation companies)</b>	1,000,000	50%



<b>Total</b>	2,000,000	100%
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Table 24: Monitoring Indicators

<b>Indicator type</b>	<b>Indicator</b>	<b>Target</b>
<b>Data</b>	<b>Total value of public support 2,000,000 €</b>	
<b>Production</b>	Total value of general investments	<b>2,500,000</b>
	Number of supported beneficiaries	<b>18</b>
<b>Result</b>	Extended irrigated surfaces	<b>1,400 ha</b>
	Modernised irrigation surfaces	<b>1,400 ha</b>
	<b>Total rise of production from irrigated surfaces as a direct result of proposed investments, for:</b>	
	Cereals	<b>2,520 t</b>
	Vegetables	<b>7,840 t</b>
	Fruits	<b>11,760 t</b>
	Grape	<b>3,920 t</b>
<b>Impact</b>	<b>Total extra agricultural production (€)</b>	<b>10,331,300 €</b>

## ADMINISTRATIVE PROCEDURES

This measure shall be implemented by the Agency of Agricultural Development and Ministry of Agriculture (for public entities: Regional Irrigation Companies and Municipalities, procurement procedures shall be developed in accordance with Law on Public Procurement No. 04/L-042 from the Procurement Division of MAFRD). The detailed administrative procedures shall be presented in the administrative instruction which shall be approved by the Minister of Agriculture, Forestry and Rural Development and shall be published in Official Gazette.





## DEADLINE OF THE IMPLEMENTATION OF PROJECTS

Deadline of the implementation of projects of this measure is 140 days from the day the contract was signed with AAD. After the period of 140 days, the beneficiary has additional 15 days for preparation of documentation and submission of the request for payment. AAD may prolong the deadline of implementation for not more than 30 days, if there are strong basis for this.

## GEOGRAPHIC EXPANSION OF THE MEASURE

This measure is applied all across the territory of the Republic of Kosovo.

### BUDGET ALLOCATION AS PER MEASURES ON THE IMPLEMENTATION OF RURAL DEVELOPMENT PROGRAM 2015

Measures	Value in €	%
<b>MEASURES 101: Investments in physical assets in agricultural economies</b>	11,000,000	55
<b>MEASURES 103: Investments in physical assets in processing and trading of agricultural products and those of fishery</b>	5,000,000	25
<b>MEASURE 302: Diversification of farms and business developments</b>	1,500,000	7.5
<b>*MEASURE 303: Preparation and implementation of Strategies for Local Development -LEADER</b>	300,000	1.5
<b>*MEASURE 501: Technical Assistance</b>	200,000	1
<b>MEASURE: Irrigation of agricultural lands</b>	2,000,000	10
<b>Total of the budget for Rural Development</b>	<b>20,000,000</b>	<b>100%</b>

\*Measure 303 and Measure 501 shall be attached to this document upon the approval by the Minister, after the technical preparation of the document of these measures.