



AGRICULTURE AND RURAL DEVELOPMENT PROGRAM 2017

MEASURE 101: INVESTMENT IN PHYSICAL ASSETS
OF AGRICULTURE HOUSEHOLDS

MEASURE 103: INVESTMENT IN PHYSICAL ASSETS IN PROCESSING
AND TRADING OF AGRICULTURAL PRODUCTS FOR 2017

MEASURE 302: FARM DIVERSIFICATION AND BUSINESS DEVELOPMENT

MEASURE ON IRRIGATION OF AGRICULTURAL LAND

AGRICULTURE AND RURAL DEVELOPMENT PROGRAM 2017





Honoured farmers, representatives of agro - businesses and residents of rural areas,

Rural Development Program 2017 (RDP 2017) is developed with great dedication and in cooperation with all stakeholders involved in the promotion of the agriculture sector. Each year, with our support, we have marked significant progress in all sub-sectors of agriculture, but we are aware that there are yet challenges, and this program, therefore, aims to address them.

The small agricultural farm structure challenges efficient farm management, therefore RDP 2017 focuses on investments that support market-oriented agricultural production and economically viable farms with potential to supply the local market, to replace high scale imports and with potential to export in the region and the European Union. Hence, we aim to add the amount of arable land by increasing production and productivity. Another fact is that most of our farms operate with outdated mechanisation and technology, hampering farmers to apply modern management systems for cultivating divers' agricultural crops or rearing and breeding of animals.

Therefore, RDP 2017 gives highest priority to investment in the modernization of mechanisation and technical equipment, but also the modernization of facilities, and storage and packaging warehouses, with the aim of increasing efficiency and meeting of international standards.

Investments under RDP 2017 will influence in the enhancement of competitiveness and production potential of the sector, especially by attracting other public and private investments.

The results achieved through these investments in primary production in the agricultural sector, will undoubtedly have a positive impact on the food industry.

The agro - processing sector continues to face high competition from imported products.

In order to replace imports of value added products the food processing sector, we must continuously modernize processing lines by contemporary technologies. Therefore, RDP 2017 will support agro - processing in improving processing lines, diversification of products and achieving quality standards, such as HACCAP standards, ISO 22000, etc., in order to meet the market demand for various products and of high quality.

In order to mitigate poverty and migration in rural areas, this program aims to create opportunities for new jobs, by supporting diversification of agricultural operations, such as processing of food products that are traditional, collection of medical and aromatic herbs, as well as stimulate business initiatives engaged in provision of various services in rural areas.

Development of intensive and competitive agriculture is impossible without the development of the irrigation system.

This becomes even more important if we consider recent climate change and those forecasted for the upcoming years.

To overcome the lack of water in the summer season, as well as for improving intensive agriculture production, especially fruit and vegetables, the RDP 2017 provides for investments in irrigation projects focused on modern systems that manage water losses and irrigate the large area of agricultural land.

We also this year, were committed to extend investment opportunities, to properly orient them to facilitate competitiveness criteria. We will remain transparent at every stage of the process in relation the Program implementation.

I strongly believe that RDP 2017 will continue to have a direct impact on increasing the competitiveness of agricultural sector, in improving the lives of rural area residents, new jobs and overall economic development of the country.

May we all have a great year!

Memli Krasniqi

Minister of Agriculture,
Forestry and Rural Development

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MEASURE 101: INVESTMENT IN PHYSICAL ASSETS OF AGRICULTURE HOUSEHOLDS

1. LEGAL BASIS

- Law No. 03/L-098 on Agriculture and Rural Development, dated 1 July 2009;
- Law No. 03/L-029 – On Agricultural Inspection, dated 13 December 2008;
- Law No. 03/L-042 – On Plant Protection Products, dated 27 November 2008;
- Law No. 02/L-26 on the Agricultural Land, dated 23 June 2006;
- Law No. 02/L-9 on Irrigation of Agricultural Land, dated 25 November 2005;
- Law No. 2004/13 On Planting Material, dated 28 May 2004;
- Law No. 2003/5 – On Seeds, dated 15 April 2003;
- Law No. 2005/47 on Wines, dated 14 October 2005;
- Law No. 2004/21 – On Veterinary dated 30 June 2004;
- Law No. 04/L-191 on Livestock breeding, dated 28 June 2013;
- Law No. 02/L-10 on animal care dated 09 May 2005;
- Law No. 03/L-024 on Environment Impact Assessment dated 19 March 2009;
- Law No. 03/L-025 On Environment Protection dated 19 March 2009;
- Law No. 04/L-074 On Agriculture and Rural Development Advisory Services dated 19 March 2012;
- Law No. 04/L-090 on amendment and addenda to the Law no. 03/098 on Agriculture and Rural Development 16 October, 2012;

2. RATIONALE

Agriculture sector in Kosovo plays an important role in providing employment opportunities and income generation. SWOT analysis for agriculture in Kosovo points out to the need for import substitution and free access to EU market as an important avenue to improving the national and individual income from agriculture in Kosovo. However, this potential will only be realised if the farms are able to compete with the market prices of the region and EU.

Analysis of competitiveness of Kosovo's agriculture indicates that only a small portion of farmers may actually compete in the regional, EU and international market. The main underlying causes of this low competitiveness are small areas of most agriculture businesses, land fragmentation, obsolete facilities and equipment, lack of funding for investments and limited know-how on the modern production techniques. Additionally, most farms do not meet the EU requirements on food safety and hygiene, animal welfare and environment protection.

A large portion of farms are so small that almost their entire production is consumed directly by families on farms. Therefore, it is necessary to focus investment in physical assets of farms with commercial viability, able to generate sustainable incomes.

In view of the fact that most farms are small, it seems reasonable to encourage horizontal cooperation between farmers, such as cooperation of producers, which may establish the basis for subsequent production organizations or production associations, but also the vertical cooperation of farmers, for example, in the market chains through supply contracts.

In order to enhance the work methods and introduce good quality inputs, new farmers aged 18 to 40 will be encouraged, which will represent the basis for a modern and innovative agriculture sector.

Based on this review, but also the comparative advantage of Kosovo in several sectors, the contribution of sectors in farm economies and the need for approximation of these sectors with EU standards, the measure will be focused in supporting investments in the following sectors: fruit, vegetable (including potatoes), milk, meat, grapes and eggs.

2. 1 FRUIT SECTOR

The fruit production in Kosovo has a long tradition as a result of good conditions for cultivation in many regions of Kosovo. Apple (1973 ha) and plum (699 ha) account for the largest portion in terms of production area and output, mainly grown in house orchards and extensive cultivation. Recent years saw more intensive production of orchards with apple, pear, sour cherry and plum, while production of berries recorded considerable growth.

In the last 3-4 years, cultivation of raspberries went through rapid development. As of 2015, there are around 800-900 commercial farmers growing raspberries at a total surface 400 ha, with a yield of 8-15 t/ha, depending on the quality of planting material and farmer care.

There are 300 farmers, with around 150 ha of strawberries planted. The yields ranges from 15-25 t/ha at commercial orchards with better quality seedlings. With other orchards, the yield ranges from 8 – 12 t/ha.

Blueberries are in the early stages of expansion. At present (2015) there are around 20 ha of grown blueberries.

However, the local production fails to achieve self-sufficiency, which leaves room for expansion of production areas with more intensive production of fruit. At present, issues involving fruit production involve old orchards, poor quality varieties, lack of irrigation opportunities, lack of fruit storage areas, poor classification and packaging equipment for sale of fruits. There is a demand for continuous and consistent supply of good quality fruit. Therefore, the submeasure aims to intensify the production of fruit over a larger area and attain higher standards of quality for fruits. The beneficiaries targeted by the submeasure are economically viable farms, with a market-oriented production.

The submeasure will focus on improving the effectiveness of production by supporting creation of new/rehabilitation of existing orchard areas, upgrades to cultivation equipment, water-saving irrigation systems and machinery at farms in order to improve farm efficiency and overall standards. The construction and upgrades to buildings will also be supported so as to allow for post-harvest activities. Further investment in sustainable use of energy will also be supported.

2. 2 VEGETABLE AND GREENHOUSE SECTOR (INCLUDING POTATOES)

The vegetable sector, irrespective of its limited layout, is the most promising in Kosovo due to favourable conditions for cultivation and may provide the best added value growth. The vegetable sector is made of a small number of commercial growers and a large number of semi-commercial and subsistence farmers.

The sector is dominated by small private farms with an average surface of 0.80 ha, low productivity and yield, inefficient supply chains, high harvest and logistical costs. Trading of fresh fruit is often done in the absence of adequate packaging, without product classification.

As part of this submeasure, support will be provided to build permanent greenhouses for production of berries and fruit as well as storage areas for post-harvest treatment as well as storage of fruit and vegetables. The demand for fresh fruit and vegetables throughout the year is on the rise. This market gap may be best met by production indoors/protected areas. Greenhouse production is intensive over small areas, which is rather labour-intensive (more so than the open field cultivation). This measure therefore will contribute to employment generation. Kosovar market is supplied with fresh fruit and vegetable throughout the year, mostly imported from various countries. Increased greenhouse areas will contribute to substitution of imported goods with local produce, subsequently improve the negative trade balance of the country.

2.3 MEAT SECTOR

Beef is traditionally seen as a subproduct of dairy sector. All calves come from dairy farms, i.e. there is no complete or specialized meat supply chain. Fattening stables are mostly building converted from dairy producing facilities, or other buildings erected by small farmers themselves.

In order to enhance skills in animal husbandry, it is necessary to improve the technical know-how of producers, especially for beginners on the husbandry practices of beef cows and production of animal feed, as well as introduce tailor-made trainings and advisory services. Beef cow growers also need more investment in stables and buildings. Investments in farm machinery for production of animal feed and investments in waste and fertilizer management also have a high priority. They require construction of new stables and farm building for animal husbandry in conformity with applicable standards on animal welfare and environment. The following farm equipment are required: water supply system, feeding system, fertilizer removal, farm machinery, especially production, storage, preparation, usage and distribution of animal feed. The submeasure will target the support to commercial farmers, specialized in cow fattening.

According to the Agriculture Census (2014) in Kosovo are 6302 agriculture households which contain 34.188 pigs or averagely 5 heads for agriculture households. Most of these households need investments in modern stables and support facilities in order to increase number and improvement of animal welfare and conditions.

Consumption of poultry is expected to be on the rise. As most of the poultry is imported, there is a significant potential for substitution of import. Improved access to services and inputs made the business possible also for middle entrepreneurs, who have no capacity to build a closed circle, from production of animal feed to trading/sale. Investment is also needed for better placement/sheltering of poultry, preparation of better quality food, quality control, health monitoring and preservation and treatment of stable fertilizer. This submeasure is focused in support to subsistence and new, medium-sized, farmers in order to enhance their competitiveness in local production, by increasing the number of middle broiler growers and increasing their production capacities. Advisory services and professional training should improve quality of production and decrease costs.

2.4 DAIRY SECTOR

The milk cow is the most important dairy product in Kosovo. In recent years, there have been attempts to move the milk production from the one for family consumption to marketable product, in order to improve the conditions of husbandry, implement better farming practices in dairy farms and increase the capacity of farmers to produce the milk of better quality.

Inadequate quality of fresh milk led MAFRD to implement the direct payment scheme for quality of milk. There is plenty of room for improving physical assets such as better facilities, upgraded stable equipment, better and upgraded milking equipment. The submeasure aims to support the commercial milk producers.

Modernization of agricultural systems, especially those related to intensive livestock production, may lead to increased emission of gases, which produce an impact on climate. The submeasure

will support the investment in management of stable fertilizer and storage facilities so as to decrease the emission of said gases, while priority will be afforded to upgrade projects, which include such investments.

The production of milk from small ruminants (sheep, goat) is mostly a closed circle from production of milk to processing and sale (marketing) of cheese on farm. Only several farms are commercial, while most producers growing small ruminants are minor farms with mostly traditional practices of animal husbandry. There is a dire need to invest in modernization of stable, support infrastructure, use of milking systems, etc.

2.5 GRAPES SECTOR

Vineyard plots are mostly small, while production of grapes is being done by 4780 vine growers. Average size is 0.5 ha with an average yield of 8 – 10 t/ha. Kosovo vineyards are divided between 751 hectares of table grapes and 2440 hectares with wine grapes¹. Production costs are high as a result of broad cultivation (partly due to old vineyards), small plots and obsolete machinery. The table grapes, produce locally, faces tough competition from imports, which is well categorized and well-packaged. Priority should be given to table grapes, but also to production of wine grapes. Investment in restructuring and upgrading the production and trading of grapes are necessary to compete with imported goods.

2.6 EGG SECTOR

The egg production sector is relatively well-consolidated. Production of eggs in commercial farms is estimated at 283 million eggs (2014), while around 74 million pieces are produced in households, resulting in a total production of 357 million eggs. Around 6 million eggs have been imported from Albania in 2014. Average consumption per capital is estimated at 200 eggs/year, therefore Kosova meets 98% of its egg consumption needs.²

Most producers apply the system holding in cages. Production facilities, in most cases, are relatively old, making it difficult to deliver the required produce (egg, food, chicks, etc.) at competitive prices.

To improve the efficiency of medium-sized producers, priority will be given to medium farms with 5,000 to 25,000 egg-laying chicken, which may cope with major price fluctuations in the course of the year and compete on the dynamic market.

Support will also be provided to improve the efficiency of production by investing in better stable equipment and hygiene (ventilation, water systems, egg collection systems, etc.). The management of fertilizer and other refuse in stable also needs to improve, as the negative impact of intensive poultry on environment may be quite significant if not addressed properly, and may need to increased revenues, if managed properly. Kosovo advisory services also need to improve so as to provide adequate training to middle and small-sized producers in production of animal feed, operation and maintenance of semi-automatic lines for collection and categorization of eggs.

1 EVV, 2014

2 Green Report 2015

3. OVERALL OBJECTIVES

- Increase competitiveness of Kosovar agriculture and import substitution;
- Generate new work places and increase employment in rural areas;
- Farmer support in select sectors, with the view of approximation with EU rules, standards, policies and practices;
- Support to economic and social development by pursuing sustainable and comprehensive growth, through farm development;
- Address challenges related to climate change through the use of renewable energy.

3.1 SPECIFIC OBJECTIVES

3.1.1 THE FRUIT AND VEGETABLE SECTOR (INCLUDING POTATOES)

- Increased production of vegetable and fruit (including potatoes) for commercial use;
- Improved quality with the view of meeting appropriate national and EU standards;
- Upgrading farms through the use of new and modern equipment and machinery;
- Decrease post-harvest losses through farm investments, in storage technology, infrastructure and equipment for post-harvest stage, including cooling, classification and packaging capacities;
- Production of renewable energy;
- Improved integration of farmers with purchasers of agricultural products.

3.1.2 DAIRY SECTOR AND MEAT SECTOR

- Increased production in specialized farms;
- Improved quality with the view of meeting national and EU standards;
- Upgrading farms through the use of new and modern equipment and machinery;
- Decrease emission of nitrogen oxide and methane through proper treatment of organic fertilizer and non-pollution of surface and ground waters;
- Production of renewable energy;
- Improved integration of farmers with purchasers of agricultural products.

3.1.3 GRAPES SECTOR

- Increased production of table and wine grapes;
- Improved quality with the view of meeting national and EU standards;
- Upgrading farms through the use of good quality planting material and modern mechanisation;
- Production of renewable energy;
- Improved integration of farmers with purchasers of agricultural products.

3.1.4 EGG SECTOR

- Improved and expanded production capacities;
- Improved quality with the view of meeting national and EU standards;
- Upgrading farms through the use of new and modern equipment and machinery;
- Decrease emission of nitrogen oxide and methane through proper treatment of organic fertilizer;
- Production of renewable energy;
- Improved integration of farmers with purchasers of agricultural products.

4. INTERCONNECTION WITH OTHER MEASURES IN ARDP

This measure is connected to other measures of ARDP, such as:

- Measure 103 – Investment in Physical Assets in Processing and Trading of Agricultural Products
- Measure 302 – Farm Diversification and Business Development

5. TARGET BENEFICIARIES

Target beneficiaries in this area are farmers, according to definitions under the Law on agriculture and rural development (L-03/098) and other agricultural enterprises registered in Farm Registry.

All beneficiaries of the projects of rural development are obliged to maintain their investments according to the projects approved during the five years after the realization of the project, as long as the monitoring period will last. If it doesn't maintain investments, the beneficiary is obliged to return the funded amount of the public support.

6. COMMON ELIGIBILITY CRITERIA

6.1 ELIGIBLE APPLICANTS

- If the applicant is a physical person, he should be at least 18 years old, but not older than 65 years. This criterion is void in case of legal entities.
- Physical persons shall have completed at least secondary school and two years of work experience for the area he/she applies. In case of legal persons, the requirement above shall apply for the owner or the authorized representative of the enterprise. The authorized person shall be employed under a contract not shorter than three years;
- Applicants with less than two years of work experience shall make a written statement committing to attend at least 20 hours of training for the area they apply for, which they shall complete before the application for the last payment;
- The applicants shall have settled all tax obligations, i.e., physical persons shall pay property tax, while legal persons, corporate income tax and other applicable tax;

6. 2 NATIONAL STANDARDS

National standards on animal health, animal welfare and environment protection are set out under Appendix 5 of the Application Guidelines. Those shall be met before the application for the final payment is made and shall be subject to control verification by the official person in the place of investment.

6. 3 ECONOMIC SUSTAINABILITY

For investment projects where eligible investments are lower than or equivalent to 20,000 €, the applicants shall submit a technical project proposals using the template which shall be published on the website of the Agriculture Development Agency (ADA) and the Ministry of Agriculture, Forestry and Rural Development (MAFRD).

For investment projects with eligible investment larger than 20,000 €, the applicants shall submit a business plan using according to the template which shall be published on the website of the Agriculture Development Agency (ADA) and the Ministry of Agriculture, Forestry and Rural Development MAFRD.

6. 4 OTHER ELIGIBILITY CRITERIA

Beneficiaries of projects with eligible investments higher than 50,000€ shall, before signing contracts with ADA, register their enterprises and all investments/expenditure shall be billed to the name of the enterprise.

Projects funded under the Rural Development Programme 2017 shall not have received any funding by the EU Office in Kosovo or any other public local or international donor.

In case a discovery is made that the beneficiary had benefited from another donor for the same project, the support shall be withheld, or in case of receipt, he/she shall be required to return the proceeds and sanctions prescribed under the law shall apply.

The beneficiary who applied with MAFRD and other public institutions or the EU Office in Kosovo and whose project was selected for funding by either of the institutions above shall immediately notify the MAFRD/ADA or other relevant institutions.

All beneficiaries that, in their business plan, projected to generate new work places against which they were rewarded scores during the evaluation, shall be sure to generate such employment and shall prove them against payment of pensions' contribution and salaries tax for at least the last month before the application for final payment. The beneficiaries shall retain those full time work places for a period of at least 5 years, which coincides with the monitoring period. Beneficiaries may not be awarded new project, if the previous projects are not completed in regular way. In case of projects which intend construction or extension, the applicants, along with the application, shall also submit:

- Copies of building sketches and a bill of quantities;
- Copies of plans of parcel/s intended for investment;
- Parcel possession list, or in case of a lease, notarized rent contract for a duration of at least 10 years for the parcel intended for construction;
- Municipality's consent proving that in case of the award of grant, the applicant may obtain a construction permit;

Befor submitting a request for payment with ADA, the beneficiary shall submit:

- Construction permit by the competent municipal authority.
- Enviornment impact assessment, if applicable.

In case of construction, expansion or renovation of buildings, erection of orchards, vinyards and / or installation of irrigation on leased land, the lease contract shall be for a duration of at least 10 years. Noterized owner's (landlord's) consent shall also be attached to the lease contract for investment to be made on his/her land. Owner's consent may also be incorporated in the lease contract.

The lease constract shall not be required only when the owner of the land and the applicant are spouses or unrestricted direct blood relations (e.g.: great grandparents, grandparents, parents, children, newphes and nieces, etc.) Also, the application shall submit a sworn affidavit to the effect that the land he/she owns is in his/her ownership.

6. 5 CHECKLIST FOR ENVIRONMENTAL SELECTION

During the selection of beneficiaries, before entering into a contract for funding rural development projects, the selected projects shall be subject to an environmental impact assessment, according to the Environmental Selection Checklist (see the Appendix in the manual for applicant measure 101 – 2017). The check list shall be filled in by ADA by providing additional information in the box "specific features" in order to clarify the responses. If one or more of the answers in the checklist are affirmative (YES), then the project will produce an environmental impact and, as such, it shall require the preparation of the Environment Management Plan (EMP).

The mitigating measures prescribed by the check list shall be the reference point for preparation of the EMP. The project approval process requires that all proposed mitigating measures shall be endorsed and approved for implementation by the applicant. Preparation of EMP shall be the obligation of the applicant himself, while the expenses for its preparation shall be deemed administrative expenditure.

7. SPECIFIC ELIGIBILITY CRITERIA

7. 1 7.1 THE FRUIT SECTOR (APPLE, PEAR, PLUM, SOUR CHERRY, CHERRY, APRICOT, PEACH, QUINCE, STRAWBERRY, RASPBERRY, BLACKBERRY, BLUEBERRY AND ARONIA).

At the time of application for investment in the fruit sector, the applicants shall prove that there are in possession of the agriculture land, either inherited or leased for at least 10 years, registered in the Farm Registry, at a surface area of at least 1 hectare for fruit trees (apple, pear, plum, sour cherry, cherry, apricot, peach and quince) and / or 0.50 ha for berries (strawberry, raspberry, blackberry, blueberry and aronia). Minimum plot service for berries shall be at least 0.25 ha, while for fruit trees the surface area shall be 0.50 hectare;

Beneficiaries purchasing local seedlings for erecting new orchards shall, before submitting the application for payment, shall deliver copy of phyto-sanitary certificate on the health condition of the planting material meeting the CAC requirement (Conformitas Agraria Communitatis) as well as the copy of producer's licence. Those purchasing the seedlings improted from EU countries shall deliver the copy of phyto-sanitary certificate on the health condition of the planting material, which shall at least meet the requirement of CAC issued by the producers, certificate on the origin and import permission for the importing enterprises.

Fruit tree seedlings shall have the certificating institute's label affixed to its trunk.

Projects of sub measure of berries, should include the construction of cooling storage and that: projects with area ≥ 0.50 ha – < 1 ha should construct storage with the capacity at least 10 t, whereas projects with area ≥ 1 ha – ≤ 2 ha should construct storage with the capacity at least 20 t.

7. 2 VEGETABLE AND GREENHOUSE SECTOR (INCLUDING POTATOES)

At the time of application for fruit and vegetable storage facility (including potatoes), applicants shall prove that they are in possession of at least 2 ha of arable land, inherited or leased for a duration of at least 10 years, registered in the Farm Registry.

At the time of application for investment in new permanent greenhouses, the applicant shall prove that he is in possession 0.10 hectares of arable land, registered in the Farm Registry.

7. 3 MEAT SECTOR

For investment in the meat sector (calves, pigs and poultry fattening), applicants are not required to possess calves /pigs/ poultry at the time of application, but before the request for the final payment, they shall possess at least 20 calves or 40 pigs for fattening with matriculates of the Republic of Kosovo or the EU or 5,000 chicks, which they shall prove with adequate documentation and their presence in the stable. Applicants wishing to apply for construction of stable for calves and for pigs, in their projects shall also include the fertilizer storage facility with adequate capacity for at least 3 months (see the list of the international minimal standards).

At the time of application, the applicants for calves fattening shall prove that they are in possession of at least 0, 20 hectares of arable land per calf, either inherited or leased for a duration of at least 3 years. In case of investment in agriculture machinery for land cultivation, the duration of the lease shall be for at least 5 years. The lease contract shall be notarized.

7. 4 DAIRY SECTOR

At the time of application, the applicant for investment in dairy production sector shall have at least 10 milking cows or 100 sheep or 100 goats in active production, registered in the Farm Registry and the Animal Identification and Registration Registry with the Food and Veterinary Agency (FVA).

Collection points should have a long term contract (at least one year) at least 10 farmers which together breed at least 80 milking cows.

Applicants wishing to apply for construction of stable shall include the waste storage facility of adequate capacity for a duration of at least 3 months (see the list of national minimal standards).

In case of investment in agriculture machinery for land cultivation, the applicants shall prove that they possess at least 0.5ha of arable land for every cow in possession, i.e. 0.05 ha of agriculture land per sheep / goat in ownership, inherited or rented for at least 5 years. The lease contract shall be notarized.

7. 5 GRAPES SECTOR

In the moment of application, the applicants for investment in the grape sector shall prove that they are in possession of the agriculture land, either inherited or leased for a period of 10 years, and registered with the Farm Registry, namely at least 0.3 ha. The minimal plot area shall be at least 0.1 ha.

In case of investment in the machinery for cultivation and harvest, as well as storage facilities for post-harvest treatment, the applicants shall prove that they possess at least 3 hectares of vine-

yards, either inherited or leased for a period of at least 10 years, registered in both Vineyard and Farm Registries. The lease contract shall be notarized.

Beneficiaries for raising new vineyards shall only purchase planting material imported from EU, except varieties: Vranac, Prokupë, Smederevka, Kallmet, Sheshi i Zi, Sheshi i Bardhë, which can be produced also in the country or any other country out of the EU. Together with the request for payment, the beneficiary shall submit the copy of phytosanitary certificate on the health condition of the planting material issued by the producer, certificate of origin and import permit for the import company.

7. 6 EGG SECTOR

Applicants for investment in egg sector shall prove that they are in possession of at least 5,000 egg-laying chicken in active production, registered with the Farm Registry.

Applicants wishing to apply for construction of stable shall include the waste storage facility of adequate capacity for a duration of at least 3 months (see the list of the national minimal standards).

8. ELIGIBLE INVESTMENTS

Eligible investments are confined to those included in the List of Eligible Investments for Measure 101, included as Appendix 6 of the Application Guidelines.

Minimum costs are limited in those that are included in the List of Eligible Investments for the Measure 101, presented as Appendix No. 6 of the Application Guidelines.

Minimum value of eligible costs for the project within this measure is 10,000 €, except projects for berries and projects of the grape sector, where minimum value of the project is 5,000 €.

Maximum value of the eligible expenses for the project within this measure is 100,000 €, except projects of the sector of berries which is 70,000 €, as well as sector of vegetables and greenhouses (including potatoes), where the maximum value of eligible expenses is 80,000 €, and are calculated as follow:

- Berries ≥ 0.50 ha – < 1 ha up to 35,000 €
- Berries ≥ 1 ha - ≤ 2 ha up to 70,000 €
- Greenhouses ≥ 0.10 ha – < 0.25 ha up to 50,000 €
- Greenhouses ≥ 0.25 ha – ≤ 0.50 ha up to 80,000 €

All costs for preparation of business plan or project proposal shall not exceed an amount equivalent to 3% of eligible expenses. In case the investments will cover construction of stables or storage facilities for fruit and vegetable storage, the costs of architect and engineer, various permits and licences shall be eligible only to an amount equivalent of 7% of eligible costs.

8. 1 ELIGIBLE INVESTMENTS BY SECTORS

8.1.1 INVESTMENTS IN FRUIT SECTOR

- Investments in raising new orchards at minimal surface are of 1 ha for tree fruit and 0.50 ha for berries;
- Investments in installation of farm irrigation, in line with efficient irrigation practices;
- Investments in generation of efficient farm energy from renewable sources;
- Investments in installation of hail protection net;
- Investments in agriculture machinery and orchard equipment for plant protection, fertilization, harvest and post-harvest treatment;
- Investments for buying of tractor for tree fruit;
- For berries buying of a tractor is ineligible investment;
- Investments in construction of and upgrades to post-harvest facilities, machinery storage as well as storage for plant protection products and artificial fertilizers;
- Investments in cooling rooms or fridge for berries.

8.1.2 INVESTMENTS IN VEGETABLE AND GREENHOUSE SECTOR (INCLUDING POTATOES) AND FOR THE STORAGE

- Investments in construction of permanent green houses for vegetables, berries or planting material, minimum size of 0.1 ha. Minimal surface of a greenhouse is 0.1. hectares;
- Investments in generation of efficient farm energy from renewable sources;
- Purchase and installation of equipment for attaining controlled climate conditions;
- Investments in installation of farm irrigation, in line with efficient irrigation practices;
- Construction of post-harvest treatment facilities (classification, packaging, labelling) and for product storage as well as storage for plant protection products and artificial fertilizers.
- Purchase of appropriate mechanism for cultivation of vegetables outdoors or indoors (seedling planting material, liner laying machine, etc.)

8.1.3 INVESTMENTS IN MEAT SECTOR

- Construction / renovation / expansion of stables, support buildings (fertilizer dumps, bulky food hangars, silage storage) and farm infrastructure (e.g. water supply at farm level);
- Investments in equipment for growth of one-day chicks (equipment for heating, feed, water supply, etc.);
- Investments in generation of efficient farm energy from renewable sources;
- Investments in upgrades to feeding and water supply system;
- Investment in agriculture machinery and equipment for cultivation of fodder plant and cereals, plant protection, fertilization and harvest;
- Investments for buying of tractor;
- Investments in cleaning / removal of organic fertilizer (liquid and solid) and its storage;
- Investments in production of concentrated feed of the total capacity of which at least 50% will be used for farm needs;

8.1.4 INVESTMENT IN DAIRY SECTOR

- Construction / renovation / expansion of stables, support buildings (fertilizer dumps, bulky food hangars, silage storage) and farm infrastructure (e.g. water supply at farm level);
- Investment in upgrading the milking and milk cooling equipment, such as milking equipment, milk storage, including milk storage chambers, lactofridges, etc.;
- Investments in generation of efficient farm energy from renewable sources;
- Investments in upgrades to feeding and water supply system;
- Investment in agriculture machinery and equipment for cultivation of fodder plant and cereals, plant protection, fertilization and harvest;
- Investments for buying a tractor;
- Investments in cleaning / removal of organic fertilizer (liquid and solid) and storage;
- Investments in production of concentrated feed of the total capacity of which at least 50% will be used for farm needs;

8.1.5 INVESTMENTS IN GRAPES SECTOR

- Investments in raising / upgrading vineyard plantation (conversion, replacement) for table grapes and wine grapes, with minimal surface area of 0.3 ha;
- Investments in installation of farm irrigation, in line with efficient irrigation practices;
- Investments in installation of plasmas for table grapes;
- Investments in generation of efficient farm energy from renewable sources;
- Investments in installation of hail protection net;
- Investments in vine and fence retainer systems;
- Investments in agriculture machinery and orchard equipment for plant protection, fertilization, harvest and post-harvest treatment;
- Investments for buying a tractor;
- Those with more than 3 hectares of vineyards shall be allowed to also apply for construction of post-harvest treatment facilities, such as cooling chambers, sorting, cleaning and packaging machinery.

8.1.6 INVESTMENTS IN EGG SECTOR

Construction / renovation / stable expansion and rooms for storing of eggs;

Investments in internal infrastructure (feeding systems, water-drinking equipment and equipment for fixing microclimate, refuse removal equipment, egg classification, etc.);

Investment in cages, per EU standards;

Construction and renovation of food storage depots, including equipment for preparation of equipment, handling, packaging and storing the eggs;

Investments in efficient energy equipment or generation of efficient farm energy from renewable sources;

Investments in cleaning / removal of organic fertilizer and storage.

Investments in production of concentrated feed of the total capacity of which at least 50% will be used for farm needs;

9. SELECTION CRITERIA FOR SUBSECTORS

Table 1: Selection criteria for tree fruit sector

No.	Type of criteria	Criteria / category	Score
1	Production capacity: surface to be raised. In case of investment in orchard infrastructure, storage, irrigation, protection against hail and/or machinery, the scores shall be calculated depending on the existing surface or the surface to be erected, whichever is larger.	≥ 5 ha	45
		≥ 3 ha - < 5 ha	40
		≥ 1 ha - < 3 ha	35
2	Agriculture cooperative	Applicant is an agriculture cooperative or member of agriculture cooperative	5
3	Quality of the planting material	Investment in planting materials produced and certified in an EU member state	5
4	Contractual relations	Delivery contract for at least 50% of produce (not required for applicants seeking to erect new orchards, if not in possession already; they shall be awarded 5 points under this criterion)	5
5	Environment protection and climate changes	Investment in generation of power on farm from renewable sources (min. 5% of eligible investment). This criteria shall not be implemented when the investment is done in covered areas by the irrigation system and the applicant takes the points	5
6	Ownership over land set for investment	Land in the name of applicant	5
7	Employment	The applicant seeks to generate new work places: - for 1 work place = 3 points - for 2-3 work places = 7 points - for 4 or more work places = 10 points	Max. 10
8	Place of investment	Investments in mountainous areas	5
9	First time support	Applicant / farm has not been a beneficiary of MAFRD grants in the last three years.	10
10	Education	University degree in agriculture / food technology	3
11	Farmer's gender	Woman applicant	2
TOTAL			100

* Existing area to be evidenced by receiving a direct payment for these areas in preliminary year.

Table 2: Criteria of selection for the sector of berries

No	Type of criteria	Criteria / category	Score
1	Type of investment: In case of investment also from the point a) and from the point b), points are calculated by the investment with the largest part of means (maximum 25 points)	Establishment of orchards with cooling storages ≥ 0.50 ha – ≤ 2 ha	50
		Investment in infrastructure of orchard, irrigation, protection against hail and/or machinery for new or existing areas ≥ 0.50 ha – ≤ 2 ha	45
2	Agriculture cooperatives	Applicant is an agriculture cooperative or member of agriculture cooperative	5
3	Quality of the planting material	Investment in planting materials produced and certified in an EU member state	5

4	Contractual relations	Delivery contract for at least 50% of produce (not required for applicants seeking to erect new orchards, if not in possession already; they shall be awarded 5 points under this criterion)	5
6	Ownership over land set for investment	Land in the name of applicant	5
7	Employment	The applicant seeks to generate new work places: - for 1 work place = 6 points - for 2-3 work places = 8 points - for 4 or more work places = 10 points	Max. 10
8	Place of investment	Investments in mountainous areas	5
9	First time support	Applicant / farm has not been a beneficiary of MAFRD grants in the last three years.	10
10	Education	University degree in agriculture / food technology	3
11	Farmer's gender	Woman applicant	2
TOTAL			100

Table 3: Selection criteria for vegetables and greenhouses sector (including potatoes)

No.	Type of criteria	Criteria / category		Points
1	Type of investment	For greenhouse	For storage	50
		Construction of greenhouse with complete infrastructure	Applicant has at least 3 ha orchards three years old or older or the applicant has at least 3 ha land that will plant with the vegetables*	
			Applicant has less than 3 ha orchards, from which at least 1 ha orchards three years old or older or the applicant has at least 2 ha land that will plant with vegetables *	45
2	Agriculture cooperatives	Applicant is an agriculture cooperative or member of agriculture cooperative		5
3	Contractual relations	Delivery contract for at least 50% of production of farm		10
4	Environment protection and climate changes	Investment in generation of power on farm from renewable sources (min. 5% of eligible investment).		5
5	Employment	The applicant seeks to generate new work places: - for 1 work place = 6 points - for 2-3 work places = 8 points - for 4 or more work places = 10 points		Max. 10
6	Ownership over land set for investment	Land in the name of applicant		5
7	First time support	Applicant / farm has not been a beneficiary of MAFRD grants in the last three years.		10
8	Education	University degree in agriculture / food technology		3
9	Farmer's gender	Woman applicant		2
TOTAL				100

* Existing area to be evidenced by receiving a direct payment for these areas in preliminary year.

Table 4: Selection criteria for meat sector

No.	Type of criteria	Criteria / category	Points
1	Type of investment: In case of investment also from the point a) and from the point b), points are calculated by the investment with the largest part of means (maximum 25 points)	a) Construction / renovation / expansion of stable (septic tank mandatory for calves and pigs)	25
		b) Machinery and / or improvement to external infrastructure (refuse storage, silage storage, hay storage)	20
2	Agriculture cooperatives	Applicant is an agriculture cooperative or member of agriculture cooperative	5
3	Production capacity (number of livestock) after project implementation	Calves	Broilers (birds)
		Pigs	
		≥ 20 < 70 heads	≥ 5,000 < 12,000 heads
		≥ 70 heads	≥ 12,000 heads
		≥ 40 < 100 heads	
		≥ 100 heads	
20			
15			
4	Experience in relevant production: applicant has cattle/pigs/broilers in production*	Applicant has at least 5 heads	Applicant has at least 1000 broilers
		Applicant has at least 10 heads	
5	Contractual relations	Notarized contract for delivery of at least 50% of production of farm	5
6	Environment protection and climate changes	Investment in generation of power on farm from renewable sources (min. 5% of eligible investment).	5
7	Employment ³	The applicant seeks to generate new work places:	Max. 10
		- for 1 work place = 3 points - for 2-3 work places = 7 points - for 4 or more work places = 10 points	
8	Place of investment	Investments in mountainous areas	5
9	First time support	Applicant / farm has not been a beneficiary of MAFRD grants in the last three years.	10
10	Ownership over land set for investment	Land in the name of applicant	5
11	Education	University degree in agriculture / food technology	3
12	Farmer's gender	Woman applicant	2
TOTAL			100

* To be evidenced through the certification by Register for Animals Identification and Registration, for at least two recent years.

Table 5: Selection criteria for dairy sector

No.	Type of criteria	Criteria / category	Points
1	Type of investment: In case of investment also from the point a) and from the point b), points are calculated by the investment with the largest part of means (maximum 25 points)	a) Construction / renovation / expansion of stable (septic tank mandatory for calves and pigs)	25
		b) Machinery and / or improvement to internal and external infrastructure (refuse storage, silage storage, hay storage)	20
2	Agriculture cooperatives	Applicant is an agriculture cooperative or member of agriculture cooperative	5

3	Production capacity: number of animals in active production before application or number of contracted farmers	Milking cows	Milking Sheep/ Goats	Collection points	
		$\geq 10 < 30$ heads	$\geq 100 < 300$ heads	≥ 20 farmers	
		≥ 30 heads	≥ 300 heads	$\geq 10 < 20$ farmers	10
4	Contractual relations	Notarized contract for delivery of at least 50% of production of farm			5
5	The way of keeping after completion of investment. This criteria is value only for the milking cows. Other will take 10 points.	Free system of maintenance			10
		Connected system of maintenance			5
6	Environment protection and climate changes	Investment in generation of power on farm from renewable sources (min. 5% of eligible investment).			5
7	Employment ³	The applicant seeks to generate new work places: - for 1 work place = 3 points - for 2-3 work places = 7 points - for 4 or more work places = 10 points			Max. 10
8	Place of investment	Investment in mountainous areas			5
9	Ownership over land set for investment	Land in the name of applicant			5
10	First time support	Applicant / farm has not been a beneficiary of MAFRD grants in the last three years.			10
11	Education	University degree in agriculture / food technology			3
12	Farmer's gender	Woman applicant			2
TOTAL					100

Table 6: Selection criteria for grapes sector

No.	Type of criteria	Criteria / category	Points
1.	Production capacity: surface to be raised. In case of investment in storage and/or machinery, the scores shall be calculated depending on the existing surface or the surface to be erected, whichever is larger.	≥ 3 ha	50
		≥ 1 ha - < 3 ha	45
		≥ 0.30 ha - < 1 ha	40
2	Agriculture cooperatives	Applicant is an agriculture cooperative or member of agriculture cooperative	5
3	Contractual relations	Notarized contract for delivery at least 50% of production of farm (not required for applicants seeking to erect new vineyards, if not in possession already; they shall be awarded 10 points under this criterion)	10
4	Ownership over land set for investment	Land in the name of applicant	5
5	Employment	The applicant seeks to generate new work places: - for 1 work place = 3 points - for 2-3 work places = 7 points - for 4 or more work places = 10 points	Max. 10
6	Place of investment	Municipality: Rahovec, Suharekë, Prizren, Gjakovë, Malishevë	5
7	First time support	Applicant / farm has not been a beneficiary of MAFRD grants in the last three years.	10
8	Education	University degree in agriculture / food technology	3
9	Farmer's gender	Woman applicant	2
TOTAL			100

Table 7: Selection criteria for egg sector

No.	Type of criteria	Criteria / category	Points
1	Type of investment:	Construction/ renovation/ expansion of stable	25
	In case of combined investment, points are calculated by the investment with the largest part of means (maximum 25 points)	Improvement to internal infrastructure of the farm construction of storages for food; treatment of organic fertilizer; room for keeping of eggs;	20
		Machinery and agriculture equipments	15
2	Production capacity: number of chicken hens in active production before application	≥ 5,000 - < 25,000 chicken hens	15
		≥ 25,000	10
3	The way of keeping of chicken hens	Free system, in the nature	15
		Free system, in the floor	10
		In cages, according to the EU standards	5
4	Agriculture cooperatives	Applicant is an agriculture cooperative or member of agriculture cooperative	5
5	Contractual relations	Notarized contract for delivery at least 50% of production of farm	5
6	Environment protection and climate changes	Investment in generation of power on farm from renewable sources (min. 5% of eligible investment).	5
7	Employment	The applicant seeks to generate new work places: - for 1 work place = 3 points - for 2-3 work places = 7 points - for 4 or more work places = 10 points	Max. 10
8	First time support	Applicant / farm has not been a beneficiary of MAFRD grants in the last three years.	10
9	Ownership over land set for investment	Land in the name of applicant	5
10	Education	University degree in agriculture / food technology	3
11	Farmer's gender	Woman applicant	2
TOTAL			100

In case when applicants have a tied score, preference will be given to projects submitted earlier.

10. DEGREE OF PUBLIC SUPPORT

- The minimal amount of eligible expenses for projects under this measure is 10,000€, except for projects involving berries and grapes, where the minimum amount of project is 5,000€.
- Public support is 60% of eligible expenses of the investment expect for the purchase of tractor and for the investments in heating system in greenhouses, as the public support is 20% which is not increased neither for investments in mountain areas nor for young farmers).
- Additional support from 5% will be extended to investment in mountainous areas and 5% for young farmers (40 years old or younger).
- Maximum public support for the period of implementation of the Agriculture and Rural Development Program 2014 – 2020 for the Measure 101 is 400,000 € for beneficiary.
- Applicant may apply with some projects during the period of implementation of the Agriculture and Rural Development Program 2014 – 2020, in different years, provided that early projects to be completed successfully and public support not to exceed the aforementioned above amount.

11. BUDGET

Table 8: Planned budget allocations between sectors for 2017:

Sectors		Amount in €	% of budget
101.1 Fruits	For fruit trees	2,500,000	17.24%
	For berries	1,000,000	17.24%
101.2 Vegetables	Greenhouses	3,000,000	20.69%
	Vegetable storage facilities	900,000	6.21%
101.3 Meat	Calves fattening	1,400,000	9.66%
	Broiler growing	400,000	2.76%
	Pigs fattening	300,000	2.07%
101.4 Milk	Cow milk production	1,500,000	10.34%
	Sheep and goat milk production	500,000	3.45%
	Investment in milk collection points	400,000	2.76%
101.5	Grapes Sector	800,000	5.52%
101.6	Egg Sector	300,000	2.07%
Total:		14,500,000	100%

12. PROGRAMME INDICATORS

Table 9: Monitoring indicators

Type of indicator	Indicator	Target for 2017	
Input	Total:	14,500,000	
	101.1. Fruit sector	5,000,000	
	101.2. Vegetables and Greenhouse Sector (including potatoes)	3,900,000	
	101.3. Meat sector	2,400,000	
	101.4. Dairy sector	2,400,000	
	101.5. Grape sector	800,000	
	101.6. Eggs sector	300,000	
Output	Total number of supported farms	478	
	Of which	101.1. Fruits sector	150
		101.2. Vegetables and Greenhouse Sector	125
		101.3. Meat sector	68
		101.4. Dairy sector	68
		101.5. Grape sector	62
		101.6. Eggs sector	5
	Amount of investments (€)	21,532,500	
	Of which	101.1 Fruits sector	7,425,000
		101.2. Vegetables and Greenhouse Sector (including potatoes)	5,791,500
		101.3. Meat sector	3,564,000
		101.4. Dairy sector	3,564,000
		101.5. Grape sector	1,188,000
101.6. Eggs sector		445,500	

Result	Total number of farms with expanded capacity		373		
	Total number of upgraded farms that applied new equipment and / or technology		419		
	Increased size of supported farms	Number of increased hectares with fruit trees		148	
		Number of hectares added with berries		140	
		Number of m ² with new green houses		237,566	
		Number of hectares increased with grapes		37	
		Number of livestock increased	Milking cows		320
			Egg-laying chicken		26,471
			Broilers (chicken / chick)		66,177
			Fattening cows		754
			Milking cows		423
		Number of supported milk collection points		12	
	New fruit and vegetable storage facilities (tons / year)		6,500		
	Number of farms that invested in post-harvest activities (packaging, classification, labelling, etc.)		82		
	Number of farms that built refuse storage		44		
Number of farms that produce renewable energy		424			
**Impact	Additional revenues (€ / year)		12,410,000		
	New full time work places		1292		
	Increased work productivity, as growth (in %) of additional revenues, gross for each work place in supported farms		15%		

**The targets are set based on the intended budget, therefore any amendment shall proportionally reflect in indicators.*

***Assessment shall be done by independent evaluators*

13. ADMINISTRATIVE PROCEDURE

This measure shall be implemented by the Agriculture Development Agency (ADA). Detailed administrative procedures shall be prescribed in the Administrative Instruction to be approved by the Minister of Agriculture, Forestry and Rural Development.

14. IMPLEMENTATION TIMEFRAME

The implementation timeframe for projects under this measure shall be 120 days upon signing the contract with ADA, except for the grapes sector, for the projects whose timeframe of implementation shall be 150 days, as well as for the grape sector, for the projects whose timeframe of implementation shall be 300 days upon signing the contract with ADA. After the timeframe of implementation, the beneficiary has also 15 additional days for the preparation of documentation and submission of request for payment. The ADA may extend the implementation timeframe for an additional 30 days provided that adequate justification exists, such as observing plant vegetative periods, delivery of a specific machine from abroad, etc.

15. GEOGRAPHIC SCOPE OF THE MEASURE

This measure shall be applied throughout the territory of the Republic of Kosovo.

MEASURE 103: INVESTMENT IN PHYSICAL ASSETS IN PROCESSING AND TRADING OF AGRICULTURAL PRODUCTS FOR 2017

1. LEGAL BASIS

- Law No. 03/L-098 on Agriculture and Rural Development, dated 1 July 2009;
- Law No. 04/L-090 on amendment and addenda to the Law no. 03/098 on Agriculture and Rural Development 16 October, 2012;
- Law No. 03/L016 on Food, dated 6 March 2009;
- Law No. 03/L-029 – On Agricultural Inspection, dated 13 December 2008;
- Law No. 02/L-26 on the Agricultural Land, dated 23 June 2006;
- Law No. 2005/47 on Wines, dated 14 October 2005;
- Law No. 04/L-191 on Livestock breeding, dated 28 June 2013;
- Law No. 02/L-10 on Animal care dated 23 March 2005 and Regulation No 2005/24 on Promulgation of the Law on Animal Welfare (UNMIK/REG/2005/24, 9 May 2005);
- Law No. 03/L-024 on Environment Impact Assessment dated 19 March 2009;
- Law No. 03/L-025 On Environment Protection dated 19 March 2009;
- Law No. 04/L-074 On Agriculture and Rural Development Advisory Services dated 19 March 2012;

2. RATIONALE

Support for this measure is mostly focused in investments in physical assets, in order to enhance competitiveness in the agro-food sector, contribute to food import substitution with local produce of high quality and improved productivity.

This measure will support the investment in food processing industries in the following four sectors: milk and dairy processing, meat production and meat processing, fruit and vegetable process and wine production. This measure is complementary to Measure 101 aimed at increasing the supply of safe agricultural produce, free of any adverse environmental impacts.

In order to successfully compete in an increasingly open market, the food industry requires further modernization of technologies and improve safety management systems. Food industry should ensure safe collection transport and storage of raw materials, decrease waste and guarantee food safety.

Under this measure, preference shall be given to investments for implementation of food safety standards, which are of particular importance for supply of local market with safe food products and to successfully compete with suppliers from import. In order to encourage compliance of food industry to environmental standards, preference is given to investments targeting waste treatment, water purification and efficient use of production refuse. Investments supported under Measure 103 will contribute to improving the situation in the primary agricultural production, by extending preference to beneficiaries that deliver a higher percentage of raw materials through contracts with local farmers.

2. 1 DAIRY PROCESSING SECTOR

Dairy processing industry is one of the primary sectors of food industry in Kosovo and will remain one of the most supported sectors. The dairy processing industry was a priority in the national and EU support schemes of the recent years. However, the support extended is yet to fill the needs for investments in dairy processing enterprises in terms of alignment with EU standards in the area of food safety, environment protection and development of renewable energy. Additionally, the dairy sector requires considerable investment for upgrades to applied technologies in order to boost productivity and keep up with ever-changing consumer demand. The closed cooling chains from producer to consumer, dairy collection centres and transport vehicles equipped with cooling equipment require further support.

The dairy processing industry focused its efforts on a limited range of products, mostly milk and fresh dairy products, but less so to cheese, which requires much more extensive knowledge and has a rather slow turnover. Few minor dairy companies introduced new products, such as milk cheese, goat cheese, sheep cheese, buffalo cheese, fermented cream, etc.

There are 39 enterprises³ involved in processing and packaging of milk, which are licensed with various installed processing capacities, which may also benefit under this measure.

This group is also comprised of companies, which have a full dairy processing lines at a quality level comparable to EU standards (classified under category “A” in terms of compliance to standards). These enterprises require further technological investment in order to improve their networks of supply with dairy raw materials, so as to effectively use its production capacity, strengthen their competitiveness and improve waste management practices. These enterprises use their production capacities only partially. Smaller milk processing units already use a good portion of their installed capacity. Some of the enterprises are using more than 50% of their production capacity. Through EU grants and donor-supported projects, some received assistance to develop marketing skills and strategies, promote new products and improve food safety. They require further support in their production lines in order to diversify their products, increased productivity, expand as well as improve quality and food safety standards.

Based on the degree of risk of food safety in these enterprises registered by FVA, for 2016 results that in the category “A”, 17 in category “C” 17 and in the category “D” which indicates the highest level of risk are systemized only 2 companies.

2. 2 MEAT PROCESSING SECTOR

2.2.1 SLAUGHTER HOUSES

There are 51 operational slaughter houses⁴ in Kosovo, of which 5 serve for slaughtering poultry and 46 other for slaughtering animals of other categories that are registered with VFA. Of these enterprises, 4 are registered in the category “A” (low level of risk), 18 under category “B”, 15 under category “C” and 9 under category “D” (high risk level), while the poultry slaughter houses are registered 3 slughtherhouses divided into category “B” and 2 category “C”. Meat processors have large unutilized capacities as a result of insufficient meat production.

Only two enterprises are registered for slaughtering smaller ruminants, which is insufficient to meet the needs, especially in deep rural areas. Most of existing slaughter houses are part of more complex businesses (e.g. meat processing, poultry processing, etc.). Slaughter houses are major polluters both in terms of liduqid and solid waste as a result of slaughters, therefore the aim is to support environment protection, treatment of waste and water. Many of the enterprsiies have support for investment also by EU grants and other donors, however, further investments are needed to improve the food safety standards and quality control.

3 The list of facilities approved by FVA for processing and packaging milk, September 2016

4 List of buildings approves for slaughter of animals by VFA, September 2015

Product diversification (classification of meat and ready-made products according to customer and catering demands, etc.) may increase the value of produce.

This measure will support the existing slaughter houses, but not establishment of new ones. Construction of new facilities will be supported only for applicants seeking to replace old buildings with new.

2.2.2 MEAT PROCESSING ENTERPRISES

The meat processing industry in Kosovo has seen significant growth in recent years, but is still characterized by a rather limited range of products on offer.

Present in Kosovo there are 51 registered and licenced companies⁵ meat processing companies, divided into three categories: 5 enterprises with a declared processing capacity of 20 tons / day or more, 1 company with declared processing capacity of more than 5 but less than 20 tons / day and 45 enterprises with declared processing capacities of 5 tons / day or less, with various levels of compliance with security and quality requirements. Of the 55 meat processing companies, 6 are classified in category "A", 19 in category "B", 27 in category "C" and 2 in category "D".

This measure will support existing processing enterprises in order to enhance the food safety, protect the environment (e.g. with waste disposal and water treatment), in order to meet the quality control requirements, expand the range of products, introduction of new production technologies and new products, as well as invest in projects for generation of renewable energy.

2.3 FRUIT AND VEGETABLE PROCESSING SECTOR

Fruit production is considered a high priority sector, although characterized with high import to cover the local demand. However, the recent trends indicate that the fruit sector is also developing rapidly. The ultimate purpose is to substitute high import of fruits and fruit products with local produce. The fruit production and processing chain value lacks the standards of quality, thus also the uniformity of products as the produce are largely classified and sorted according to classes of quality. This also ensures that wholesale buyers purchase imported products.

In recent years, production of fruit saw a rise as a result of increased surface areas and yield. Kosova continues to import a considerable quantity of fresh fruit, dried and processed fruit (mostly in the form of cans and beverage). The fruit processing factory is mostly focused in processing the fruit trees and berries, including mountain fruits, while are usually harvested together with other aromatic / medical herbs and mushrooms.

Kosova has a long tradition in vegetable processing, as an integral part of the food chain of every family. It is estimated that a considerable number of processed vegetables are produced at home for own consumption. The processing capacity in Kosovo, at least in terms of processing capacities, largely exceeds the production capacity. Although the sector is generally fragmented, some of the main participants cover a considerable portion of the market.

In recent years, processors of fruit and vegetable began producing other products such as fruit marmalade, various salads, pickles, fruit, conserved vegetable, marmelate, ajvar (ground paprika), etc. Drying capacity is limited, while the system is being used mostly used for medical and aromatic herbs. The primary purpose of this measure is to ensure that all enterprises had better focus in improved quality and safety of food as well as reducing the waste during processing.

Food safety systems are applied in a limited number of enterprises. Involvement of food safety systems requires investment in improved technology and conditions in production facilities, as well as investment in quality control equipment and IT systems. Increased storage capacity is necessary to improve the market of horticulture and potato products. The need for classification, categorization

⁵ List of facilities approved for meat processing by VFA, September 2015.

and packaging lines is also evident, in order to enhance the quality of final product and improve competitiveness of the sector in relation to imports. Post-harvest facilities and cooling chain are very important for quality in the vegetables value chain. The needs for storage facilities with cooling systems are on the rise, but remain very limited and focused in several areas. The standards of quality also require improvement. Therefore, this measure will also support the post-harvest treatment and storage of raw material.

2. 4 WINE PRODUCTION SECTOR

MAFRD licensed 24 wineries and other grapes and wine products. Three largest wineries represent 90% of the total production capacity of the sector, while other wineries mostly belong to smaller producers, some of which have shown good potential for export. Additionally, there are home-brewed wine and liquor companies, which in the absence of ability to fund equipment, tankers, infrastructure and hygienic-sanitary conditions, are not licenced by MAFRD.

The wine sub-sector requires support in order to introduce better technological practices. Current orientation of the companies is the European Union market, which is very challenging and requires improve quality of the produced wine. Current exports are dominated by bulk wine exports, which does not generate significant profits for wineries.

This measure aims to support wineries and other grapes and wine companies, registered in the registry of producers and licenced by MAFRD.

3. OVERALL OBJECTIVES

- Increased competitiveness of Kosovar agriculture and import substitution through increased productivity and introduction of new technologies and products;
- Growth of safety and quality of products;
- Support to enterprises in select sectors with the view of approximation of rules, standards, policies and practices to EU and improved environment protection, food safety and quality of produce, animal welfare and tracking of food chain, as well as waste management;
- Support to economic and social development by pursuing sustainable and comprehensive growth, through farm development;
- Strengthen connectin to primary production.
- Address challenges related to climate change through the use of renewable energy.

3. 1 SPECIFIC OBJECTIVES

3.1.1 MILK PROCESSING

- Implement national and EU standards on dairy products (hygiene, food safety, animal welfare, environment protection, etc.);
- Upgrade milk processing lines and support infrastructure;
- Introduce new products and diversification of products in dairy industry;
- Improve marketing of milk and its products;
- Improvement refuse management.

3.1.2 MEAT PROCESSING

- Implement national and EU standards on meat products (hygiene, food safety, animal welfare, environment protection, etc.);
- Introduce new meat processing lines;
- Introduce new products and diversification of products in meat industry;
- Upgrade slaughter houses, including specialized slaughter (for small ruminants);
- Improve meat marketing and meat products;
- Improvement refuse management.

3.1.3 FRUIT AND VEGETABLE PROCESSING AND WINE PRODUCTION

- Implement national and EU standards (hygiene, food safety, quality, etc.);
- Improved processing technology and upgraded support infrastructure (storage/cooling facilities) through introduction of new equipment/technologies;
- Product diversification;
- Improved marketing;
- Improvement refuse management.

4. INTERCONNECTION WITH OTHER MEASURES IN ARDP

This measure is connected to other measures of ARDP, such as:

- Measure 101 “Investment in Physical Assets of Agriculture Households” and
- Measure 302 “ Farm Diversification and Business Development”

Until now, considerable support was extended to processing industry through national schemes and EU grants. Implementation of this measure will be coordinated with other sources of support, in view of stringent award criteria, which will be established during the programming and implementation of ARDP.

5. END BENEFICIARIES

Eligible beneficiaries including milk, meat, fruit and vegetable processing companies as well as wine producers, registered with the Kosovo Business Registration Agency, with at least two years of experience in the relevant sector. Beneficiaries may also be companies processing aromatic / medical herbs and mushrooms, provided that at least 50% of their produce is forest fruit, fruit and / or vegetables. In the wines subsector, applicants shall be registered in the Kosovo Registry of Wine Producers. End beneficiaries shall be registered in the Farm Registry.

6. COMMON ELIGIBILITY CRITERIA

6. 1 TYPES OF SUPPORTED ENTERPRISES

Eligible for support are micro, small and medium enterprises as prescribed under the Law No 03/L-031 on amendment and addenda to the Law No 02/L-5 on support to small and medium enterprises. Micro, small and medium category is made of entrepreneurs employing less than 250 persons with annual turnover not exceeding 50 million € and / or total balance sheet not exceeding 43 million €, duly registered as food processing company as required under applicable legislation. All applicants shall be registered with the relevant sector of Kosovo Business Registration Agency (KBRA) at least two years before the date of application.

6. 2 NATIONAL STANDARDS

All beneficiaries under this measure shall, at the end of investment, be subject to certification under HACCP standard and / or ISO 22000 standard. Official proof of successful certification shall be presented in the ADA offices no later than 12 months upon project completion.

6. 3 ECONOMIC SUSTAINABILITY OF THE ENTERPRISE

All applicants shall present a business plan as per the model required by the Agriculture Development Agency. The applicant shall demonstrate the economic sustainability of the enterprise in the business plan at the end of the project implementation period. The enterprise shall demonstrate its ability to regularly pay its outstanding liabilities, without jeopardizing normal functioning of the enterprise. In case of construction / renovation / expansion, the applicants shall also submit a technical project of the construction / renovation / expansion project.

The business plan model and instructions for its preparations shall be part of application form, published in the Agriculture Development Agency's website and in the MAFRD website.

6. 4 OTHER ELIGIBILITY CRITERIA

In case of projects involving construction / renovation / expansion, the applicants shall submit:

- Copies of building sketches and a bill of costs of material and works intended;
- Copies of plans of parcel/s intended for investment;
- Possession list for the parcel intended for investment;
- Consent from the relevant authority (municipality) on the building permit, in case of projects involving construction / expansion, but not for projects involving renovation.

Before submission of request for payment to Agriculture Development Agency, the applicant shall submit:

- Construction permit by the competent municipal authority. Not required for renovation projects;
- Environment impact assessment, if applicable.
- The applicants shall have settled all tax obligations, i.e., physical persons shall pay property tax, while legal persons, corporate income tax and other applicable tax;

Beneficiaries may not be awarded new project unless the previous projects have completed in conformity with the contract signed with ADA.

Projects funded under the Rural Development Programme 2017 shall not have received any funding by the EU Office in Kosovo or any other public local or international donor. In case a discovery is made that the beneficiary had benefited from another donor for the same project, the support shall be withheld, or in case of receipt, he/she shall be required to return the proceeds and sanctions prescribed under the law shall apply.

The beneficiary who applied with MAFRD/ADA and other public institutions or the EU Office in Kosovo and whose project was selected for funded by either of the institutions above shall immediately notify the MAFRD/ADA or other relevant institutions.

All beneficiaries that, in their business plan, projected to generate new work places against which they were rewarded scores during the evaluation, shall be sure to generate such employment and shall prove them against payment of pension contribution and salaries tax for at least the last month before the application for final payment. The beneficiaries shall retain those full time work places for a period of at least 5 years, which coincides with the monitoring period.

6. 5 CHECKLIST FOR ENVIRONMENTAL SELECTION

During the selection of beneficiaries, before entering into a contract for funding rural development projects, the selected projects shall be subject to an environmental impact assessment, according to the Environmental Selection Checklist (see the Appendix in the Manual for Applicant Measure 103 - 2017). The check list shall be filled in by ADA by providing additional information in the box "specific features" in order to clarify the responses. If one or more of the answers in the checklist are affirmative (YES), then the project will produce an environmental impact and, as such, it shall require the preparation of the Environment Management Plan (EMP). The mitigating measures prescribed by the check list shall be the reference point for preparation of the EMP. The project approval process requires that all proposed mitigating measures be endorsed and approved for implementation by the applicant. Preparation of EMP shall be the obligation of the applicant himself, while the expenses for its preparation shall be deemed administrative expenditure.

7. SPECIFIC ELIGIBILITY CRITERIA

7. 1 MILK AND MEAT PROCESSING SUBSECTORS

Eligible enterprises include enterprises with at least 2 years of activity in relevant sector prior to date of application and registration with the Kosovo Business Registration Agency and Veterinary and Food Agency, according to categorization of food processing enterprises.

- Category "A" = low risk level
- Category "B" = medium risk level
- Category "C" = high risk level
- Category "D" = very high risk level

Applicants under category "A" and "B" shall not be eligible in case the project involves construction and expansion of buildings.

Applicants under category "C" shall be eligible for new constructions provided that the existing facility is closed or renovated.

Applicants under category "D" shall be eligible only in case of construction of new building and de-commissioning of existing. These applicants may also apply for other equipment and investments.

7. 2 FRUIT AND VEGETABLE PROCESSING SUBSECTORS

Eligible enterprises include enterprises with at least 2 years of activity in relevant sector prior to date of application and registration with the Kosovo Business Registration Agency.

In case of investment in collection and packaging centres, the minimal storage capacity shall be at least 1000 m³ of production. In case of extension of existing facility this facility should have minimum capacity from 500 m³, while extended facility should reach minimum capacity 1000 m³.

7. 3 WINE PRODUCTION SUBSECTOR

Eligible enterprises shall be registered in the Wine Producer Registry. Eligible applicants shall be wine producers, which acquire at least 50% of its raw material (grapes) from other producers (other than own production). This requirement shall not apply to wine producers in possession of more than 50 ha of vineyards. Applicants shall prove that they declared their annual wine production and balance of stocks.

8. ELIGIBLE INVESTMENTS

- Construction / renovation / expansion of buildings;
- Purchase of new machinery and equipment, including computer software necessary for operationalization of production lines or other primary functions related to main activities of the enterprise;
- Investment in milk, meat, fruit and vegetable processing subsectors as well as wine production, including marketing and promotion costs;
- Eligible marketing expenses for all submeasures under Measure 103 include: preparation and printing of catalogues, leaflets, brochures, posters, etc. for promotion of productions, excluding dissemination, production of promotional audio and video clips, excluding their broadcast on media;
- Maximum amount of eligible marketing costs is limited to 5% of the total eligible costs, but not higher than 10,000€;
- Other project related costs, such as: Costs of architects, engineers and other costs for studies as well as acquisition of relevant documents and permits up to 7% of eligible costs, but not higher than 15,000€. Costs for preparation of business plan shall not exceed 3% of eligible project costs, but not higher than 5,000€;
- Administrative costs, including those before effective contract period, shall be eligible only if the project has been selected and contracted by the Agriculture Development Agency.

8. 1 ELIGIBLE INVESTMENTS BY SUBSECTORS

8.1.1 ELIGIBLE INVESTMENTS FOR MILK PROCESSING SUBMEASURE

- Investments in renovation / expansion and upgrading of dairies;
- Investments in construction of new dairies, which at the time of application are ranked under categories "C" or "D"
- Investments in equipment for improving hygiene, quality and safety of products (especially those seeking to attain HACCP and / or ISO 22000 certification);
- Investment in equipment to improve environment protection, especially those for management of refuse and water treatment;

- Investment in construction of and supply to milk collection stations;
- Investments in specialized transport vehicles;
- Investments in equipment for new products and modern packaging;
- IT, hardware and software for monitoring, control and management;
- Investment in technology for power generation from renewable sources;
- Investment in cooling equipment;

8.1.2 ELIGIBLE INVESTMENTS FOR MEAT PROCESSING SUBMEASURE

8.1.2.1 Slaughter houses

- Investments in renovation / expansion and upgrading of slaughter houses, including cooling storage;
- Investments in construction of new slaughter houses, which at the time of application are ranked under categories “C” or “D”;
- Investments in equipment for improving hygiene, quality and safety of products (especially those seeking to attain HACCP and / or ISO 22000 standards);
- Investment in equipment to improve environment protection, especially those for management of refuse and water treatment;
- Equipment for skinning and seasoning the hyde;
- Slaughter house equipment, including cooling equipment;
- Special trucks for transport of live animas, fully compliant with animal welfare requirements;
- Stable as a holding area for animals before slaughter;
- Cooling trucks for transport of meat;
- Machinery, equipment and storage facilities for refuse and subproducts;
- IT, hardware and software for monitoring, control and management;
- Investment in technology for power generation from renewable sources;

8.1.2.2 Meat processing units

- Investment in renovation / expansion in and upgrades to existing facilities, including cooling storage facilities and ancillary equipment;
- Investments in construction of new processing facilities, which at the time of application are ranked under categories “C” or “D”;
- Investment in meat processing equipment;
- Investments in equipment for improving hygiene, quality and safety of products (especially those seeking to attain HACCP and / or ISO 22000 standards);
- Investment in equipment to improve environment protection, especially those for management of refuse and water treatment;
- Investment in quality control equipment, including laboratories;
- Investments in equipment for cooling and freezing for storage of ready products;
- Specialized vehicles for transport of raw materials and ready-made products;
- Investment in technology for power generation from renewable sources;

8.1.3 ELIGIBLE INVESTMENTS FOR FRUIT AND VEGETABLE PROCESSING SUBMEASURE

- Investments in construction / renovation and upgrades to processing facilities;
- Investment in conservation / pasteurization lines for fruit and vegetables;
- Investments in equipment for improving hygiene, quality and safety of products (especially those seeking to attain HACCP and / or ISO 22000 standards);
- Investment in building and equipment for post-harvest treatment, drying, classification and storage;
- Investment in packaging and labelling equipment, including filling equipment, wrappers and other specialized equipment;
- Investment in equipment for cooling chain, including cooling and freezing storage, freezing tunnels, cooled transport vehicles and other equipment to ensure preservation of cooling chain;
- Investment in equipment to improve environment protection, especially those for management of refuse and water treatment;
- Investment in quality control equipment, including relevant laboratories;
- Specialized vehicles for transport of raw materials and ready-made products, with and without cooling;
- IT, hardware and software for monitoring, control and management;
- Investment in technology for power generation from renewable sources;

8.1.4 ELIGIBLE INVESTMENTS IN WINE PRODUCTION SUBMEASURE

- Construction / renovation / expansion of buildings for wine production and processing;
- Investment in wine processing equipment;
- Investments in equipment for improving hygiene, quality and safety of products (especially those seeking to attain HACCP and / or ISO 22000 standards);
- Investment in packaging and labelling equipment, including filling equipment, wrappers and other specialized equipment;
- Investment in technology for power generation from renewable sources;
- Investment in quality control equipment, including laboratories;
- IT, hardware and software for monitoring, control and management of wine production;

9. SELECTION CRITERIA

Table 1: Milk processing submeasure

No.	Selection Criteria	Score
1.	Enterprises applying for HACCP and / or ISO 220000 certification, which specify necessary investments for certification under these standards	30
	Enterprises fully certified under HACCP and / or ISO 22000	25
2.	Investments seeking product diversification with at least two new products	10
3.	Applicant's sale during 2016 as below:	Max. 10
	≥ 200,000 € - < 2,000,000 € - 5 points	
	≥ 2,000,000 € - < 5,000,000 € - 7 points	
	≥ 5,000,000 € - 10 points	
4	The applicant has not benefited from MAFRD grants during the last two years	10
5.	Company's market experience in relevant field:	Max. 10
	For ≥ 2 - < 5 years = 5 points For ≥ 5 years = 10 points	
6.	At least 10% of eligible investment dedicated to environment protection investment in waste management and water treatment	10
7.	At least 5% of eligible investment dedicated to generation of power from renewable sources	5
8.	Employment generation: 1 point for each new employee, but not more than 10 points in total	Max. 10
9.	Applicants exhibited successful business in the last 2 years (see the document: General situation of declarations and other transactions)	5
TOTAL		100

Table 2: Meat processing submeasure

No.	Selection Criteria	Score	
1.	Enterprises applying for HACCP and / or ISO 220000 certification, which specify necessary investments for certification under these standards	30	
	Enterprises fully certified under HACCP and / or ISO 22000	25	
2.	For slaughter houses	Introduction of specialized lines for slaughter of small ruminants (sheep, goat)	10
	For meat processors	Investments seeking product diversification with at least two new products	10
3.	At least 30% of raw material (animals or meat) used comes from local production. This shall be evidenced with adequate contracts: in case of slaughter houses with farmers, in case of meat processors with slaughterhouses.	10	
4.	The applicant has not benefited from MAFRD grants during the last two years	10	
5.	At least 10% of eligible investment dedicated to environment protection investment in waste management and water treatment	10	
6.	At least 5% of eligible investment dedicated to generation of power from renewable sources	5	
7	Company's market experience:	Max. 10	
	For ≥ 2 - < 5 years = 5 points For > 5 years = 10 points		
8	Employment generation: 1 point for each new employee, but not more than 10 points in total	Max. 10	
9.	Applicants exhibited successful business in the last 2 years (see the document: General situation of declarations and other transactions)	5	
TOTAL		100	

Table 3: Fruit and vegetable processing submeasure

No.	Selection Criteria	Score
1.	Investment in storage or processing centres: construction of new centres or renovation / expansion of existing centres, including cooling and freezing equipment, classification / packaging / labelling equipment. Note: In case of storage centres, eligible investments shall only cover buildings of at least 1000 m ³ capacity. Score under this criterion shall be calculated on the requirement that at least 25% of the total investment is dedicated to investment in storage centres.	35
2.	Investments seeking product diversification with at least two new products	10
3.	Company's market experience: For ≥ 2 - < 5 years = 5 points For ≥ 5 years = 10 points	Max. 10
4.	At least 80% of collected produce is of local origin. This shall be evidenced through contracts with farmers, including list of farmers and quantities received.	10
5.	The applicant has not benefited from MAFRD grants during the last two years	10
6.	At least 5% of eligible investment dedicated to environment protection investment in waste management and water treatment	5
7.	At least 5% of eligible investment dedicated to generation of power from renewable sources	5
8.	Employment generation: 1 point for each new employee, but not more than 10 points in total	Max. 10
9.	Applicants exhibited successful business in the last 2 years (see the document: General situation of declarations and other transactions)	5
TOTAL		100

Table 4: Wine production submeasure

No.	Selection Criteria	Score
1.	Investment in wine bottling lines, including sparkly wine.	30
2.	Investment in storage buildings and / or equipment. Note: Score under this criterion shall be calculated on the requirement that at least 25% of the total investment is dedicated to investment under this criterion.	20
3.	At least 80% of processed grapes are produced locally. This shall be evidenced through quantities produced by the applicant and / or contracts with farmers, including list of farmers and quantities received.	10
4.	The applicant has not benefited from MAFRD grants during the last two years	10
5.	Company's market experience: For ≥ 2 - < 5 years = 5 points For ≥ 5 years = 10 points	Max. 10
6.	At least 5% form eligible investments shall be planned to the production of renewable energy.	5
7.	Employment generation: 3 points for each new employee, but not more than 10 points in total	Max. 10
8.	Applicants exhibited successful business in the last 2 years (see the document: General situation of declarations and other transactions)	5
TOTAL		100

Note on all submeasures: In case when applicants have a tied score, preference shall be given to projects submitted earlier.

10. DEGREE OF PUBLIC SUPPORT

- Minimum amount of eligible expenditure for projects under this measure is 30,000 €;
- Maximum amount of eligible expenditure for projects under this measure is 400,000 €;
- Public support shall cover 50% of the eligible investments cost.
- Payments for Measure 103 shall be divided into two instalments, first portion of public support at 50% shall be paid as an advance following contract signature with beneficiary, with the remainder of 50% paid upon verification of completion of the total investment.
- Public maximum support for the period of the implementation of the Program for Agriculture and Rural Development 2014 – 2020, for the Measure 103 is 800.000 € for beneficiary.
- Applicant may apply with some projects during the period of the Agriculture and Rural Development Program 2014 – 2020, in different years, provided that the earlier projects to be successfully completed and public support not to exceed the aforementioned amount.

11. BUDGET

Table 13: Planned budget allocations by submeasures:

Submeasure	Amount in €	% of budget
103.1 Dairy	1,000,000 €	20
103.2 Meat	1,200,000 €	24
103.3 Fruit and Vegetables	2,000,000 €	40
103.4 Wine	800,000 €	16
Total	5,000,000 €	100%

12. PROGRAMME INDICATORS

Table 14: Monitoring indicators

Type of Indicator	Indicator	Goal 2017	
Revenues	Total amount of public support	5,000,000	
	103.1: Milk processing	1,000,000	
	103.2: Meat processing	1,200,000	
	103.3 Overall fruit and vegetable processing (including wine)	2,800,000	
	Of which	103.3.1 Processing of fruit and vegetables	2,000,000
		103.3.2. Wine production	800,000
Output	Total number of supported farms	43	
	103.1: Milk processing	8	
	103.2. Meat processing	10	
	103.3. Overall fruit and vegetable processing (including wine)	25	
	Of which	103.3.1 Processing of fruit and vegetables	18
		103.3.2. Wine production	7
	Total amount of investment (€)	11,000,000	
	Of which	In physical assets	10,450,000
		In marketing	550,000
	103.1: Milk processing	2,200,000	
	103.2: Meat processing	3,080,000.0	
103.3 Overall fruit and vegetable processing (including wine)	6,160,000		
Of which	103.3.1. Processing of fruit and vegetables	4,400,000	
	103.3.2 Wine	1,760,000	

Outcomes	Number of enterprises with improved standards in conformity with national and EU standards on food safety / animal welfare/ environment	34
	Number of upgraded enterprises including new products and / or new production techniques	39
	Number of enterprises with improved marketing	34
	Number of consolidated farmers based on contractual agreements	34
	Number of enterprises that incorporate and improve waste treatment and management	11
	Number of farms that produce renewable energy	2
Impact	Economic growth – as net value of gross added value to supported enterprises	15%
	Employment generation – of the total gross number of work places expressed in Full Time Equivalent (FTE) opened in supported enterprises	100
	Balance of productivity – Gross Added Value by FTE of work in supported enterprises.	15%

13. ADMINISTRATIVE PROCEDURE

This measure shall be implemented by the Agriculture Development Agency (ADA). Detailed administrative procedures shall be prescribed in the Administrative Instruction to be approved by the Minister of Agriculture, Forestry and Rural Development.

14. IMPLEMENTATION TIMEFRAME

The timeframe of implementation of projects under this measure is 12 months upon signature of contract with ADA. At the expiry of this period, the beneficiary shall be allowed 15 additional days to prepare the documentation and submit the request for payment. ADA may extend the implementation timeframe for an additional 2 months provided that adequate justification exists, such as delivery of a specific machine from abroad, etc.

15. GEOGRAPHIC SCOPE OF THE MEASURE

This measure shall be applied throughout the territory of the Republic of Kosovo.

MEASURE 302: FARM DIVERSIFICATION AND BUSINESS DEVELOPMENT

1. LEGAL BASIS

- Law No. 03/L-098 on Agriculture and Rural Development, (Official Gazette No. 56/27 July 2009);
- Law No. 04/L-090 on amendment and addenda to the Law no. 03/098 on Agriculture and Rural Development (Official Gazette No. 28/16 October, 2012);
- Law No. 03/L-016 on Food, (Official Gazette No. 49/25 March 2009)
- Law No. 03/L-029 – On Agricultural Inspection, (Official Gazette No. 45/12 January 2009)
- Law No. 04/L-085 - on Organic Farming (Official Gazette No.28/16 October 2012);
- Law No. 02/L-111 on Beekeeping, (Official Gazette No.35/15 August 2008)
- Law No.02/L-8 – on Wines (Official Gazette No. 9/01 February 2007).
- Law No.04/L-019 – on Amending and supplementing of the Law No.02/L-8 on Wines (Official Gazette No. 13/01 September 2011).
- Law No. 2004/21 – On Veterinary (Official Gazette No.18/01 November 2007).
- Law No. 04/L-191 on Livestock, date 14 October 2004; (Official Gazette No.25/08 July 2013).
- Law No. 2003/3 on Kosovo Forests, date 20 March 2003; (Official Gazette No. 34/01 August 2008);
- Law No. 03/L – 153 – On amending and supplementing of the Law No. 2003/03 on Kosovo Forests (Official Gazette No. 67/29 March 2010).
- Law No. 03/L-025 On Environment Protection (Official Gazette No.50/06 April 2009);
- Law No. 04/L-074 On Agriculture and Rural Development Advisory Services; (Official Gazette No. 04/19 March 2012).

2. RATIONALE

Rural areas are very important for the overall country development and represent a major potential for diversification of economic activity, generation of employment and additional revenue.

Kosovo's economy is faced with very high unemployment rate. The unemployment rate in 2015 was estimated at 30% of labour force. ⁶ The unemployment is even higher among women and youth, especially in rural areas. Living conditions in rural areas are also more difficult, therefore the continued migration towards urban areas is widespread.

6 Green Report 2015

Main difficulties of population in rural areas are the following:

- Lack of employment opportunities;
- Migration, especially of youth;
- High dependence on employment in agriculture;
- Lack of quality services in rural areas.

Measure 302 “Farm diversification and business development” aims to generate new and preserve existing work places. Support to new economic activities should lead to poverty alleviation in rural areas and improved living conditions.

Based on sectoral analysis on diversification of rural economy in Kosovo, diversification of economic activities in rural areas represents a long-term perspective for development of rural economies and an opportunity to generate sustainable employment in rural areas.

Measure 302 “Farm diversification and business development” is complementary to Measure 101 “Investment in physical assets of farm economies”, as the Measure 302 support non-farming activities, along with a range of other activities that deliver services to people in rural areas. Both measures contribute to increased household revenues from agriculture and other activities in rural areas. As part of the measure, priority will be given to projects implemented in mountainous areas, proposed by women and young farmers. Priority will also be afforded to projects targeting generation of employment and rural tourism. Additional priority to be extended to projects recommended by Local Action Groups (LAG).

This measure consists of the following submeasures:

- 302.1. – Production, processing and promotion of honey
- 302.2: Collection and processing of non-wood forest fruit and marketing 7
- 302.3 – Processing of (cultivated) agricultural products and marketing⁸
- 302.4 – Development and promotion of handicraft activities 9
- 302.5 - Development of rural and farm tourism

3. OVERALL OBJECTIVES

- Generate new and preserve existing work places through diversification;
- Create favourable conditions to prevent migration of population from rural and mountainous areas;
- Sustainable development of rural areas;

7 Medicinal and aromatic herbs, forest fruit and mushrooms;

8 Vegetable, fruit, spices, medicinal and aromatic herbs, mushrooms, milk, grape juice, wine, raki and other fruits, vinegar production, mould processing;

9 Processing of textile, leather, wool; metal processing; wood processing; handicraft, such as preparation of traditional costumes; production of knitted and woven clothing; knitting / weaving of carpets and rugs; preparation of various jewelry and other handicraft activities;

3. 1 SPECIFIC OBJECTIVES

- Increased revenues for population in rural areas;
- Development of small enterprises, based on local resources;
- Preservation and development of traditional handicraft activities;
- Development of rural and farm tourism;

4. INTERCONNECTION WITH OTHER MEASURES IN ARDP

This measure is connected to other measures of ARDP, such as:

- Measure 101: Investment in Physical Assets of Agriculture Households
- Measure 103 – Investment in Physical Assets in Processing and Trading of Agricultural Products
- Measure 303 – Preparation and implementation of Local Development Strategies – LEADER

5. FINAL BENEFICIARIES

Final beneficiaries in this area are farmers, according to definitions under the Law No. 04/L-090 on amending and supplementing of the Law No. 03L – 098 on Agriculture and Rural Development and other agricultural enterprises registered in Farm Registry. Legal persons may also be beneficiaries if duly registered as micro or small enterprises as per the definition set out under the Law No. 03/L-031 on amendment and addenda to Law 02/L-5 on support to small and medium enterprises;

- Microenterprise shall have at least nine (9) employees;
- Small enterprises shall have ten (10) to 49 employees;
- LAG – as beneficiary (accredited by the Ministry).

6. COMMON ELIGIBILITY CRITERIA

- End beneficiaries shall be registered in the Farm Registry.
- If the applicant is a physical person, he should be at least 18 years old, but not older than 65 years;
- The applicants shall submit their application with all supporting documentation as required under the Application Guidelines;
- Investments shall be done in rural or mountainous areas (as defined by MAFRD);
- The applicants shall have completed at least secondary education (in case of a legal person, this requirement applies to the owner / authorized person);
- The applicants shall have settled all tax obligations, i.e., physical persons shall pay property tax, while legal persons, corporate income tax and other applicable tax;
- The applicants shall not have any outstanding financial obligations towards MAFRD;
- All beneficiaries of the rural development project shall be required to maintain their investments under the approved project in the course of five years upon completion, which is also the duration of monitoring. In case of failure to maintain investments, the beneficiary shall return the amount of support funded through public funding;

- For investment projects where eligible investments are lower than or equivalent to 20,000 €, the applicants shall submit a technical project proposals using the template of MAFRD. The project proposal for the rural tourism submeasure is separate;
- For investment projects with eligible investment larger than 20,000 €, the applicants shall submit a business plan using the MAFRD template. The business plan for the rural tourism submeasure is separate;
- Templates for technical project proposal and business plan shall be published on the website of the Agriculture Development Agency (ADA) and MAFRD and shall be made available for all applicants.
- All beneficiaries that, in their business plan, projected to generate new work places against which they were rewarded scores during the evaluation, shall be sure to generate such employment and shall prove them against payment of pension's contribution and salaries tax for at least the last month before the application for final payment. The beneficiaries shall retain those full time work places for a period of at least 5 years, which coincides with the monitoring period.
- Projects funded under the Rural Development Programme 2017 shall not have received any funding by the EU Office in Kosovo or any other public local or international donor. In case a discovery is made that the beneficiary had benefited from another donor for the same project, the support shall be withheld, or in case of receipt, he/she shall be required to return the proceeds and sanctions prescribed under the law shall apply.
- The beneficiary who applied with MAFRD/ADA and other public institutions or the EU Office in Kosovo and whose project was selected for funded by either of the institutions above shall immediately notify the MAFRD/ADA or other relevant institutions.
- Beneficiaries may not be awarded new project unless the previous projects have completed in conformity with the contract signed with ADA.

In case of projects involving construction / expansion, the applicants shall submit:

- Copies of sketches and bill of quantities for material and labour;
- Copies of plans of parcel/s intended for investment;
- Possession list or notarized lease contract for a duration of at least 10 years for the parcel or the building intended for construction / expansion, while with projects not involving construction / expansion in property belonging to other persons, notarized lease contract for a duration of 5 years shall suffice;

In case of projects involving construction / expansion, before application for payment in ADA, the potential applicants shall submit:

- Building permit by municipality, in case of constructions over 10m²;
- Environment impact assessment, if applicable;

For submeasure 302.5, the beneficiaries planning to invest in buildings included in the Cultural Heritage List, before signing the agreement with Agriculture Development Agency, shall obtain the consent of the Ministry of Culture / Department of Cultural Heritage.

7. SPECIFIC ELIGIBILITY CRITERIA

7. 1 PRODUCTION, PROCESSING AND PROMOTION OF HONEY

The applicants shall:

- Possess at least 50 bee hives;

7. 2 COLLECTION AND PROCESSING OF NON-WOOD FOREST FRUIT AND MARKETING

The applicants shall be:

- Legal persons;
- Licenced by the Department of Forestry of the MAFRD for harvest of medical and aromatic herbs, forest fruit and mushrooms. This criterion shall not apply to applicants seeking to acquire drying machinery for non-wood forest products.

7. 3 PROCESSING OF CULTIVATED AGRICULTURAL PRODUCTS AND MARKETING

- In case of production of wine and raki, the applicants shall possess at least 3 hectares of vineyards / orchards;
- In case of milk processing, the applicant's processing capacity shall not exceed 500 l/day;

7. 4 DEVELOPMENT AND PROMOTION OF HANDICRAFT ACTIVITIES

There are no specific criteria.

7. 5 DEVELOPMENT OF RURAL AND FARM TOURISM

The applicants shall:

- Prove that the building under renovation / adaption / expansion shall be adjust to relevant (traditional) style of the rural areas and shall be supported with pictures proving existence of the building with traditional construction (at the time of application);
- Beneficiaries planning to invest in buildings included in the Cultural Heritage List, before signing the agreement with Agriculture Development Agency, shall obtain the consent of the Ministry of Culture / Department of Cultural Heritage.
- Submit the project designed by a competent architect, adjust to the image of the building as represented by the pictures submitted during application, before entering into a contract with ADA;
- In case of projects involving hostels, at the end of investment the project shall have no less than 5 beds and no more than 25 beds;
- In case of investments in building tracking and cycling lanes around the building of rural tourism, affecting the private property, the applicant shall present notarized consent of owners for lane extension, at the time of application;
- In case of investments in building tracking and cycling lanes around the building of rural tourism, affecting the public property, the applicant shall present notarized official consent of responsible public authority for properties affected by the lane at the time of application;

8. ELIGIBLE INVESTMENTS

- Maximum eligible expenses for promotion shall not exceed 10% of the total amount of eligible investment. Investment for promotion of produced and processed products shall be: Promotion materials, payments for participation fees for local / international fair, website etc.;
- All costs for preparation of business plan or project proposal shall not exceed an amount equivalent to 3% of eligible expenses;
- In case the investments involving construction / renovation / expansion of buildings, the costs of architect and engineer, various permits and licences shall be eligible only to an amount equivalent of 7% of eligible costs.

8.1 ELIGIBLE INVESTMENTS BY SUBMEASURE

8.1.1 PRODUCTION, PROCESSING AND PROMOTION OF HONEY

- Purchase of hives;
- Purchase of machinery and equipment for production and processing of honey;
- Specialized trailers for transport of hives, only for applicants with more than 80 hives;
- Investments in equipment for extraction of bee products;
- Investment in equipment for cultivation of queen bees;
- Construction / renovation / expansion of honey room;
- Purchase of laboratory equipment for analysing bee products;
- Purchase of technology lines for filling and packaging honey;
- Purchase of equipment for renewable energy;

8.1.2 COLLECTION AND PROCESSING OF NON-WOOD FOREST FRUIT AND MARKETING

- Constructon / renovation / expansion of storage, processing and packaging facilities for medical herbs, forest fruit and mushrooms;
- Purchase of equipment for washing, cleaning, storage, classification and processing;
- Purchase of equipment for drying, cooling, freezing, etc.;
- Purchase of drying shelves;
- Purchase of equipment for renewable energy;
- Purchase of measuring, packaging and labelling equipment;

8.1.3 PROCESSING OF CULTIVATED AGRICULTURAL PRODUCTS AND MARKETING

- Construction / renovation / expansion of buildings for production, storage and processing of products;
- Construction / renovation / expansion of buildings of traditional image for use as sale points for local products (to be described in the project proposal);
- Investment in milk processing machinery and equipment (including mobile units for production of traditional cheese), fruit and vegetable processing, cleaning, classification, drying, collecting, pasteurization, storage, cooling fridge, freezing, mould-baking ovens, various mould mixers, equipment for production of raki, equipment for bottling raki and wine, etc.;
- Purchase of measuring, packaging and labelling equipment;
- Purchase of equipment for renewable energy;
- Investment in specific equipment with the view of improving food safety and quality.

8.1.4 DEVELOPMENT AND PROMOTION OF HANDICRAFT AND BUSINESS ACTIVITIES

- Construction / renovation / expansion of buildings for handicraft activities and product storage;
- Construction / renovation / expansion of buildings of traditional image for use as sale points for local products (to be described in the project proposal);
- Investment in purchase of threading and knitting equipment;
- Investment in purchase of machines and equipment for production of carpets and rugs;
- Investments in purchase of machines and equipment for processing of leather;
- Investments in purchase of machines and equipment for processing of metals;
- Investments in purchase of machines and equipment for processing of wood;
- Investment in purchase of machines and equipment for handicraft activities;

8.1.5 DEVELOPMENT OF RURAL AND FARM TOURISM

- Renovation / adaptation / expansion of traditional buildings to be used as hostels and for catering services (not less than 5 but not more than 25 beds);
- Renovation / adaptation / expansion of building with traditional look (e.g. mill, tower, traditional houses, etc.) for use as sale points for local produce, for traditional gastronomic offerings, zone tourist information, etc.;
- Investment in construction of tracking and cycling lanes around the rural tourism facilities;
- Purchase of furniture for furnishing rooms, bathrooms, kitchens, service areas (beds, seats, tables, chairs, etc.);
- Purchase of equipment for renewable energy;
- Purchase of equipment for children's entertainment (helter-skelter, see-saw, table tennis, etc.);
- Investment in website development;

9. SUBMEASURE SELECTION CRITERIA

Table 15: Production, processing and promotion of honey

No.	Type of criteria	Criteria / category	Score
1	Farm size at the time of application*	50 - 100	35
		101 - 300	25
		> 300	20
2.	Business registration	The applicant is registered in the Business Registry as a Producer / Honey Processor	5
3	Honey Production Capacity : Production value during the previous year	≥ 12,000 €	15
		≥ 7,000 - <12,000 €	10
		≥ 1,000 - <7,000 €	5
4	Employment	Generation of one work place FTJ1	5
5	Applicant's address / settlement**	Located in a mountainous area	10
		Located in a rural area	5
6	First time support	Applicant / farm has not been a beneficiary of MAFRD grants in the last two years.	10
7	Gender	Woman applicant	2
8	Age	The applicant is 40 years or younger	5
9	Education	University degree in agriculture / food technology	5
10	Organic Farming	Certified for organic farming	8
TOTAL			100

*Number of hives will be compared with the number of hives during the previous years of subsidy award.

**Applicant's address shall mean the location of household, i.e. of the owner of applying business.

Table 16: Collection and processing of non-wood forest fruit and marketing

No.	Type of criteria	Criteria / category	Score
1	Non-wood product collection / processing capacity Production value during the previous year:	≥ 5,000 €	35
		≥ 1,000 - <5,000 €	30
		0 - <1,000 €	25
2	Employment	Generation of one new FTJ	10
3	Place of investment	Investments in mountainous area	15
		Investments in rural area	10
4	First time support	Applicant / farm has not been a beneficiary of MAFRD grants in the last three years.	10
5	Gender	Woman applicant	5
6	Education	University degree in agriculture / forestry	5
7	Age	The applicant is 40 years or younger	10
8	Organic Farming	Certified for organic farming	10
TOTAL			100

Table 17: Processing and marketing of cultivated agricultural products

No.	Type of criteria	Criteria / category	Score
1	Origin of raw material (to be described in the project proposal or the business plan)	More than 50% of the raw material for processing is produced at the applicant's farm	45
		More than 50% of the raw material for processing are obtained by other local producers	40
2	Applicant's experience in processing activities (for physical persons, to be described in the project proposal or the business plan: for legal persons, to be proven by business certificate)	At least one year experience for activities he/it applies	20
		No experience for activities he/it applies	15
3	Employment	Generation of one new FTJ	10
4	Place of investment	Investments in mountainous areas	10
		Investments in rural area	5
6	Gender	Woman applicant	5
		Male applicant	3
7	Age	The applicant is 40 years or younger	10
TOTAL			100

Table 18: Development and promotion of handicraft activities

No.	Type of criteria	Criteria / category	Score
1	Gender	Investment managed by woman applicant	25
		Investment headed by male applicant	20
2	Applicant's experience in handicraft activities (for physical persons, to be described in the project proposal or the business plan: for legal persons, to be proven by business certificate)	No prior experience in handicraft activities for which he/she/it applies	20
		No prior experience in handicraft activities for which he/she/it applies	15
3	Age	The applicant is 40 years or younger	15
		The applicant is over 40 years	10
4	Family size (to be proven with family certificate)	9 or more members	15
		6 to 8 members	10
		Up to 5 members	5
5	Place of investment	Investments in mountainous areas	15
		Investments in rural area	10
6	Employment	Generation of one new FTJ	10
TOTAL			100

Table 19: Development of rural and farm tourism

No.	Type of criteria	Criterion / Category	Score
1.	Applicant's experience in rural tourism (for physical persons, to be described in the project proposal or the business plan: for legal persons, to be proven by business certificate)	Experience at least one – year in providing rural tourism services	30
		No prior experience in delivering rural tourism services	20
2.	Place of investment	Investments in mountainous areas	10
		Investments in rural area	5
3.	Type of investment: In case of investments also from item a) and b), the scores shall be calculated from the investment with the highest amount (maximum 20 points)	Investment in hostels (at least 5 new beds)	20
		Investment in catering services	15
4.	Age	Investment in tracking and / or cycling lanes	10
		The entrepreneur is 40 or younger	5

5.	Gender	Investment managed by woman applicant	2
6.	Employment	The applicant seeks to generate new work places: - for 1 work place = 6 points - for 2-3 work places = 8 points - for 4 or more work places = 10 points	10
7.	First time support	Applicant or his household has not been beneficiary of the MAFRD's grants in the last three years	10
8.	Culture heritage	Facility / building to be renovated is in the List of cultural heritage sites	8
9.	Education	Secondary school degree in catering / tourism	3
10.	LAG support	Project recommended by LAG under an approved strategy	2
TOTAL			100

Note on all submeasures: In case when applicants have a tied score, preference shall be given to projects submitted earlier.

10. DEGREE OF PUBLIC SUPPORT

- Minimum amount of eligible expenditure for projects under all submeasures of this measure shall be 5,000 €;
- Maximum amount of eligible project expenses for all submeasures is 30,000€, except for submeasure 302.5 “Development and promotion of rural tourism”, which is 50,000 €.
- Public support shall cover 65% of the eligible investments cost.
- An additional support of 5% shall be extended to investment in mountainous areas.
- Maximum public support for the period of implementation of program for Agriculture and Rural Development 2014 – 2020 for the Measure 302 is 150,000€ per beneficiary.
- Applicant may apply for some projects during the implementation period of the Program for Agriculture and Rural Development 2014 – 2020, in different years, provided that the previous projects to be successfully completed and the public support not to exceed the aforementioned above amount.

11. BUDGET

Table 20: Planned budget allocations by submeasures:

Submeasure	Amount in €	% of budget
302.1. – Production, processing and promotion of honey	500,000	33.33
302.2: Collection and processing of non-wood forest fruit and marketing	200,000	13.33
302.3 – Processing of (cultivated) agricultural products and marketing	200,000	13.33
302.4 – Development and promotion of handicraft activities	200,000	13.33
302.5 - Development of rural and farm tourism	400,000	26.66
Total	1,500,000	100%

12. PROGRAMME INDICATORS

Table 21: Monitoring indicators

Type of indicator	Total	1,500,000	
Input	302.1. Production of honey	500,000	
	302.2. Processing of non-wood products	200,000	
	302.3. Processing of cultivate agricultural products	200,000	
	302.4. Handicraft activities development	200,000	
	302.5. Development of rural tourism	400,000	
Output	Total number of supported projects	106	
	of which	302.1. Production of honey	43.33
		302.2. Processing of non-wood products	17.33
		302.3. Processing of cultivated agricultural products	17.33
		302.4. Development of handicraft activities	17.33
		302.5. Development of rural tourism	10.67
	Total value of investments	2,450,250	
	of which	302.1. Production of honey	742,500
		302.2. Processing of non-wood products	297,000
		302.3. Processing of cultivated agricultural products	297,000
		302.4. Development of handicraft activities	297,000
302.5. Development of rural tourism		594,000	
Number of new work places generated	147		
Outcome	Number of farms and enterprises generating revenues from diversified activities.	55	
	Number of farms or enterprises expanding their activities towards processing	39	
	Number of farms or enterprises with improved promotion activities	48	
	Additional number of tourists	1,095	
	Additional revenues (€/annum) – as total additional revenues generated by supported farms or enterprises	305,187	
Impact	Agricultural work units (FTJ) reallocated to non-agriculture activities	45	

13. ADMINISTRATIVE PROCEDURE

This measure shall be implemented by the Agriculture Development Agency (ADA). Detailed administrative procedures shall be prescribed in the Administrative Instruction to be approved by the Minister of Agriculture, Forestry and Rural Development.

14. IMPLEMENTATION TIMEFRAME

The timeframe of implementation of projects under this measure is 120 days upon signature of contract with ADA. After the expiry of 120 days, the beneficiary shall be allowed 15 additional days to prepare the documentation and submit the request for payment. ADA may extend the implementation timeframe for an additional 30 days provided that adequate justification exists, such as delivery of a specific machine from abroad, etc.

15. GEOGRAPHIC SCOPE OF THE MEASURE

This measure shall be applied throughout the territory of the Republic of Kosovo.

MEASURE ON IRRIGATION OF AGRICULTURAL LAND

1. LEGAL BASIS

- Law No. Nr.04/L-9 on Irrigation of Agricultural Land, dated 01 April 2007;
- Law No. 04/L198 on amendment and addenda to the Law No. 04/L-9 on irrigation of agricultural and, dated 16 August 2010;
- Law No. Nr.04/L-26 on the Agricultural Land, dated 01 June 2007;
- Law No. 04/L-147 on Kosovo Waters, dated 29 April 2013;
- Law No. Nr.04/L-214 on Environment Impact Assessment dated 29 October 2010;
- Law No. 04/L-11 on Construction, dated 03 July 2012;
- Law No. 04/L-042 on Public Procurement in the Republic of Kosovo, dated 19 September 2011;
- Law No. 04/L-237 on amendment and addenda to the Law No.04/L-042 on Public Procurement in the Republic of Kosovo;

2. RATIONALE

Development of sustainable agriculture, as one of the main priorities of the Government of Kosovo, cannot be achieved without the rational use of water resources and development, rehabilitation and expansion of water infrastructure.

While in other seasons the precipitation is abundant, they are nonetheless scarce during the summer season. It is therefore necessary to accumulate, store and structure the waters, in order to ensure year-round use for irrigation of agricultural crops.

Technical condition of the large portion of irrigation infrastructure is rather poor. Dams, water reservoirs, pumping stations, pumps, canals, pipes, etc. are in need of rehabilitation, new construction and regular maintenance. Development of intensive and competitive agriculture, in the conditions of market economy is impossible without proper irrigation system. This is even more important in view of recent climate changes and future forecasts.

3. OVERALL OBJECTIVES

- Increased agricultural productivity;
- Increased yield and quality of agricultural products;
- Increased competitiveness of agricultural products;

3. 1 SPECIFIC OBJECTIVES

- Increased of agriculture lands irrigated areas;
- Upgrades to irrigation and drainage systems, thereby decreasing the water losses;
- Improved internal connections in the existing networks;

4. INTERCONNECTION WITH OTHER MEASURES IN ARDP

This measure is connected to other measures of ARDP, such as:

- Measure 101: Investment in Physical Assets of Agriculture Households

5. TARGET BENEFICIARIES

End beneficiaries under these measure shall be:

- Farmers, according to definitions under the Law No. 04/L-090 on amending and supplementing of the Law No. 03/1-098 on Agriculture and Rural Development;
- Water Users Association;
- Agriculture cooperatives according to the Law on Agriculture Cooperatives.

6. COMMON ELIGIBILITY CRITERIA

- Municipality's consent proving that in case of the award of grant, the applicant may obtain a construction permit;
- Proof that farmers benefitting under Measure 101 "Investment in physical assets of farm economies" are included in the project, if applicable;
- Projects eligible for public funding shall be projects which, upon completion of investment, are compatible with the goal of investment (capable to irrigate agricultural land), which shall be proven during the field controls; If, upon completion, projects are dysfunctional, the beneficiary shall be required to return public support funds he/she/it received as an advance. All beneficiaries of the rural development project shall be required to maintain their investments under the approved project in the course of five years upon completion, which is also the duration of monitoring. In case of failure to maintain investments, the beneficiary shall return the amount of support funded through public funding;
- Beneficiaries may not be awarded new project unless the previous projects have completed in conformity with the contract signed with ADA.
- In case of the project of construction or reconstruction, the applicant should submit also:
- Technical project or pre - calculation of investments

In case of selection, before entering into a contract, the beneficiary shall submit:

- Detailed project, including bill of quantities;
- Environment impact assessment, if applicable;
- Construction permit by the competent municipal authority.

7. SPECIFIC ELIGIBILITY CRITERIA

- Submitted technical project shall demonstrate decrease of water losses by at least 30%, in case of upgrades to existing systems of irrigation.
- The beneficiary shall contract construction companies with prior experience in relevant construction required under the project, which shall extend a warranty for civil works for a period of at least 3 years upon completion. The contracted company shall prove it conducted a positive business for the last three year and complied with Administrative Instruction for the measures and criteria of support in agriculture and rural development 2017, as well as applicable legislation on public procurement.
- The beneficiary shall submit a written declaration through which he/she/it guarantees participation of 20% of the total approved project amount.
- Minimum surface area of the project under irrigation shall be 20 ha.
- The applicants shall prove land ownership rights and of all farmers, whose property is intended for investment. The lease contract shall not be required only when the owner of the land and the applicant are spouses or unrestricted direct blood relations (e.g.: great grandparents, grandparents, parents, children, newphes and nieces, etc.) which shall be proven through marriage or birth certificates. Also, the applicant shall submit a sworn affidavit to the effect that the land he/she owns is in his/her ownership.

8. ELIGIBLE INVESTMENTS

- Eligible investments are confined to those included in the List of Eligible Investments for Measure Irrigation of Agricultural Land, included as Appendix 6 of the Application Guidelines.
- All costs for preparation of business plan or project proposal shall not exceed an amount equivalent to 3% of eligible expenses. In case of investments requiring sketches, detailed engineering designs, environment impact assessment, all costs for architects and engineers, various permits and licences shall be eligible to a level of 7% of eligible costs.

9. SELECTION CRITERIA

Table 22: Selection criteria for Measure Irrigation of Agricultural Land

Criterion	Parametre	Score
Cost-effectiveness of expansion of irrigated area and rehabilitation of existing networks of irrigation	<p>Calculation method:</p> <p>All technical projects shall include data related to rehabilitated area / irrigation expansion and average cost per ha.</p> <p>Upon evaluation of all projects, a hierarchy of costs per ha shall be developed from among the eligible projects, ranked from the lowest to highest.</p> <p>The project with the lowest cost shall be awarded a maximum score, while the project with the highest score per ha shall be awarded 0 (zero) points.</p> <p>The rest part of eligible projects shall be awarded scores (with 2 decimals) under this basic criterion of cost per ha, while the results will be equally distributed.</p> <p>Calculation for scoring purposes: $30 \times (C_p - \max C) / (\min C - \max C)$</p> <p>$C_p$ – cost for 1 extra or upgraded, irrigated ha from irrigation infrastructure for evaluated projects.</p> <p>Minimal costs C for 1 extra modernized irrigated ha from irrigation infrastructure for eligible projects, with minimal costs for extra or modernized irrigated ha -</p> <p>Maximum c-cost for 1 extra or upgraded, irrigated ha by irrigation infrastructure for eligible projects, with minimal costs for extra or modernized irrigated ha.</p>	Max. 30
Irrigated area (ha)	≥ 20 - < 50 ha	10
	≥ 50 - < 75 ha	15
	≥ 75 - < 100 ha	20
	≥ 100ha	30
The applicant is a Agricultural Land Irrigation Association or Agriculture Cooperative		10
Number of farmers registered in the Farm Registry, which benefitted from the project	1 – 10	10
	11 – 20	15
	20 or more	20
The implementation of project includes beneficiaries under Measure 101 “Investment in physical assets of farm economies” in the last three years.	1 - 5	5 10
	5 or more	10
Total		100

Note: In case when applicants have a tied score, preference shall be given to projects submitted earlier.

10. DEGREE OF PUBLIC SUPPORT

- Minimum amount of eligible expenditure for projects under this measure is 20,000 €, while the maximum amount of eligible expenses per project shall be 200,000€;
- Public support shall cover 80% of the eligible investments cost.
- In case the eligible expenditures shall exceed 100,000€, the payment shall be effected in two instalments. The first portion of public support at 50% shall be paid as an advance following contract signature with beneficiary, with the remainder of 50% paid upon verification of completion of the total investment. Maximum public support for the period of the implementation of program for Agriculture and Rural Development 2014 – 2020 for the measure Irrigation of Agriculture Land is 600,000 € per beneficiary.
- Applicant may apply for some projects during the period of implementation of the program for Agriculture and Rural Development 2014 – 2020, in different years, provided that the early projects to be successfully completed and public support not to exceed the aforementioned amount.

11. BUDGET

Table 23: Planned budget allocations:

Sectors	Amount in Euros	% of budget
Irrigation of Agricultural Land	1,000,000	100%
Total	1,000,000	100%

12. PROGRAMME INDICATORS

Table 24: Monitoring indicators:

Type of indicator	Indicator	Target
Data	Total amount of public support	1,000,000
Production	Total value of investments	1,200,000
	Number of supported beneficiaries	9
Outcome	Expanded irrigated area	600
	Upgraded irrigated areas	600
	Total increase of production (in tons) from irrigated areas as a direct result of proposed investments, for:	
	Cereals	1,260
	Vegetable	3,920
	Fruit	5,880
Impact	Grapes	1,960
	Total extra agricultural production (Euro)	5,165,650

13. ADMINISTRATIVE PROCEDURE

This measure shall be implemented by the Agriculture Development Agency (ADA). Detailed administrative procedures shall be prescribed in the Administrative Instruction to be approved by the Minister of Agriculture, Forestry and Rural Development.

14. IMPLEMENTATION TIMEFRAME

The timeframe of implementation of projects under this measure is 180 days upon signature of contract with ADA. After the expiry of 180 days, the beneficiary shall be allowed 15 additional days to prepare the documentation and submit the request for payment. ADA may extend the implementation timeframe by a maximum of 30 days under reasonable justification.

15. GEOGRAPHIC SCOPE OF THE MEASURE

This measure shall be applied throughout the territory of the Republic of Kosovo.

16. GENERAL BUDGET FOR RURAL DEVELOPMENT PROGRAM FOR 2017

No. of measure	Name of the measure	Budget in euro	Participation in %
Measure 101	Investments in physical assets of agriculture households	14,500,000	63.04
Measure 103	Investments in physical assets in processing and marketing of agriculture products	5,000,000	21.73
Measure 302	Diversification of farms and development of business	1,500,000	6.52
Measure 303	Local action groups (LAGs)	300,000	1.3
Measure 501	Technical assistance	200,000	0.88
Measure UTB	Irrigation of agriculture lands	1,000,000	4.34
Measure KDFN	Compensation of damages by natural disasters	500,000	2.17
Total		23,000,000	100



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