

FARM DIVERSIFICATION AND BUSINESS DEVELOPMENT

Crafts and Artisanal Added Value Products (302-3)

General Objectives

The overall objective of this measure is fostering employment by creation of new jobs and maintaining the existing jobs through the development of business activities, thus raising the economic activity level in rural areas and reversing rural depopulation. Economic and farm diversification is necessary for growth, employment and sustainable development in rural areas. It contributes to a better territorial balance, both in economic and social terms, increasing directly the household income in rural areas.

Specific Objectives

Specifically, this measure shall aim at creation, diversification and development of rural activities, through support for modernisation, establishment, extension and reconstruction of investments in farm diversification and development of agricultural and non-agricultural in the following:

- Crafts and Artisanal Added Value Product enterprises investing in traditional handicrafts, processing and marketing of local agricultural (food – non-food) products. Products licenced under the Geographical Indication scheme of Turkish Patent Institute will have a higher priority in evaluation process.

Final recipients

- Farmers or members of the farm household diversifying on or off farm activities: These are natural persons as defined in Article 3 of Law 5488. Farmers and/or their household members are eligible beneficiaries in rural areas and in urban areas in some cases specified per sector.
- Natural persons in rural areas: Natural persons, running an economic activity, who are beneficiaries under the measure should be living in a rural area which could be proven.
- Private legal entities in rural areas: Private legal entities established or operating in rural areas shall include micro (including craft enterprises) and small-sized enterprises which have the potential for carrying out the project as well as any type of legal person established by rural population in rural areas. Legal entities established outside of rural areas, can be also eligible if supported investments/activities are located in rural areas.

Common eligibility criteria

The applicant should;

- At the time of application, with the exception of new enterprises, comply with the respective national standards defined in Annex III for a given diversification activity,
- Submit a business plan in accordance with the format to be developed by the IPARD Agency. For small investments, a simplified business plan will be submitted. The business plan should demonstrate the economic viability of the enterprise at the end of the realisation of the investment. The economic viability of the investment will be verified against the criteria listed in Annex IV,

- (for farmers or members of the farm household) Prove their status with an official document issued by an authorised representative of MoFAL at the time of application.
- Be micro/small size enterprise employing less than 50 persons and having annual turnover of less than 8 million TL
- (for natural persons living in rural area) be registered to be residing in a rural area on the Address Based Population Registration System.
- Location of the investments have to be in a rural area with the exception of;
 - a) farmers as natural persons with no other economic activities or members of their households who are investing in diversification of plant production, processing and marketing of plant products; or beekeeping and production, processing and marketing of honey; or crafts and artisanal added value products; or aquaculture
 - b) natural persons living in rural areas who are willing to establish restaurants as an extension of their investment in aquaculture or who are willing to establish selling points (outlets) as an extension of their investments in crafts and artisanal added value products.
- The applicants who will have 30 points or above in accordance with the ranking criteria for this measure is considered as eligible for application.

Furthermore, the establishments should be within the range of capacities for each sector as defined below.

Specific eligibility criteria (per sector)

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Investment must be in rural areas unless the applicant is a farmer as natural persons who do not have economic activity other than agriculture or a member of a farm household.

- (for investments in crafts and artisanal added value products) be micro scale enterprises employing less than 10 persons and having annual turnover of less than 1 million TL.
- If the applicant is a natural person living in a rural area, the investment shall be in a rural area while the promotion stands or sales points can be in either rural or non-rural areas of the province where the investment is located.
- Crafts to be supported are defined in Annex VIII.
- Microenterprises producing artisanal added value food or non-food products based on agricultural produce will be supported. Primary production of agricultural products is not within the scope of this measure.
- The final capacity of the investments in milk processing shall be maximum 10 tonnes/day at the end of the investment.
- The final capacity of the investments in meat processing shall be maximum 0.5 tonnes/day at the end of the investment.
- For production of and/or packaging of local food products, the recipient should hold the necessary production and registration certificates in accordance with the provisions of Food Law No. 5996 at the time of application. For new enterprises, this procedure has to be completed by the time of final payment claim.

Eligible expenditure

Common to all sectors:

- Purchase of new machinery and equipment as defined for each sector including computer software up to the market value of the asset;

- Purchase of machinery/ equipment and construction works for energy production using biomass, wind, solar and geothermal to meet energy need of farm diversification and business development activities and also to sell surplus energy
- Expenditures for electricity grid connections including transformers, energy transmission lines, circuit breakers and so on
- Investments for environmental protection, equipment and facilities for reprocessing of intermediate products and treatable waste; treatment and elimination of waste
- ICT equipment including software, if it is an integrated part of the project,
- General costs linked to expenditure referred to under the previous points, such as architects', engineers' and other consultation fees, and feasibility studies up to a ceiling of 12% of the costs referred to under the previous points.

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- Construction and/or modernisation, establishment, extension and reconstruction of operational buildings and production facilities.
- Purchase of equipment specific for the production and packaging of the local food and agricultural products as well as handicraft activities,
- Physical investments in packaging facilities, equipment,
- Promotion and marketing related investments for artisanal added value products or handicrafts, including establishment of stores and stands, located in the same province.
- Purchasing of machinery/equipment and construction works for renewable energy production for self-consumption

Aid Intensity

- In Karaman, Hatay, Erzincan, Diyarbakır, Ardahan, Çankırı, Mersin, Yozgat, Muş, Ağrı, Isparta, Tokat, Erzurum, Balıkesir, Kars provinces, the amount of public aid is up to 65% of the total eligible cost.

In other 27 IPARD provinces, the amount of public aid is up to 55% of the total eligible cost.

- The EU co-financing rate is 75% of the public aid.
- The minimum and maximum limits of total value of eligible investments per project are 5,000 and 500,000 Euro.
- A maximum of four eligible investments per recipient are allowed within the timeframe of IPARD 2014-2020.
- The maximum total value of eligible investments per recipient is limited to 500,000 Euro for this measure within the timeframe of IPARD I and IPARD II.
- The recipient can only submit a new application for IPARD support, when the previous investment has been finalised (final payment).

Administrative procedure

Applicants shall submit their application to the Provincial Coordination Units (PCU) of ARDSI within the specified time period. Administrative checks and on-the-spot controls of the project shall be performed by ARDSI. All applications that pass the administrative checks and on-the-spot controls will be scored on the basis of the “Ranking Criteria for Project Selection” as stated in the IPARD programme. Contracts will be signed with selected applicants.

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

instalments are to be paid. The request for payment in instalments shall be made according to the eligible investments as below:

- Investments of which the total value of eligible expenditures is up to and including 500,000 TL: 1 instalment
- Investments of which the total value of eligible expenditures is more than 500,000 TL: 2 instalments
- If investment includes construction works and can be divided into instalments according to the amounts of eligible expenditures as mentioned above, expenditures regarding each individual building/structure must be requested in a single instalment.

Ranking Criteria

Following ranking criteria will be used under this measure.

Applicant (in case of natural person himself/herself, in legal entities the person who has the authority to represent and bind the legal person) is below 40 years of age when the application is submitted.	15
Investment is located in mountainous area or forestry villages.	10
Investment is implemented by a women entrepreneur or the owner of the project is women	15
Applicant has a vocational certificate, diploma or 3 years of experience in the economic activity area	15
Investment is based on an accepted Local Development Strategy and built around this strategy	10
Applicant is natural person or producer organisation	15
If the applicant have not signed a contract under IPARD Programme:	20
TOTAL	100