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Promoting tea as the engine of growth for the Black Sea Basin Area – TEAWAY

Deliverable T1.3.2 SYNTHESIS REPORT

2019

DISCLAIMER

This report was developed by Varna Economic Development Agency (VEDA) in Bulgaria under the project **“Promoting tea as the engine of growth for the Black Sea Basin Area” – TEAWAY** (BSB 541). The report includes information from analyzes of the available government programs in project partners’ countries, namely Armenia, Bulgaria, Georgia, Greece and Turkey.

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PREFACE

Efficient agricultural policies and support programs are essential to meeting increasing demand for safe and nutritious food in a sustainable way, including demand for tea and nutritional supplements from herbs and medicinal plants as part of the trends in recent years towards healthy nutrition. The policies must address challenges such as increasing productivity growth, enhancing environmental performance and adaptation to climate change, and improving resilience of farm households to market shocks brought on by weather and other unforeseen circumstances.

Domestic support policies and programs have changed over the years. Countries have substantially altered their agricultural trade and domestic support policies over the past two decades. In some countries, support provided to farmers has become more decoupled from production – meaning that many farmers no longer receive payments for producing a specific commodity – and instead has begun to target environmental outcomes. But in some developed countries, support remains high and linked to production.

The level of support for farmers, including tea and herbs producers, in the EU member states (Bulgaria and Greece) is connected with the overall EU budget and reflects the many variables involved in ensuring continued access to high quality food, which includes functions such as income support to farmers, climate change action, and maintaining vibrant rural communities.

The level of support to farmers in the EU neighbouring countries (Armenia, Georgia and Turkey) is ensured mainly by state financed programmes, aimed at rural agriculture development in these countries, and support from USAID and EU donor programs.

The next sections of the Synthesis Report provide comprehensive overview on the available government programs in support of tea production and cultivation of herbs and medical plants in the five partners' countries of TeaWay project.

ARMENIA



Photo credit: VEDA

INTRODUCTION

For over 7000 years, the tradition of gathering and consumption of wild herbs and flowers in different ways, including making teas as a natural means of maintaining health, has been an integral part of the daily lives of the Armenian people. This is mainly based on local herbs cultivated and collected from different regions of Armenia. With over 2500 varieties of medicinal herbs and berries growing wild in its high mountainous regions, Armenia was famous in the area of herbal medicine production.

In ancient times, medicinal herbs of the Armenian highland were well reputed and were exported to the East and to several countries in the West. Ancient and Arabian writers such as Herodotus, Strabo, Xenophanes, Tacitus, Pliny the Elder, Galen, Ibn Sina and al-Biruni, when discussing Armenia, mentioned its natural herbs and their usage for medicinal purposes.

Currently there are around 23 manufacturers (mainly small and medium-size enterprises) specialized in the production of herbal teas from medicinal, spicy and aromatic herbs, six of which have certificate of organic production.

Main plants harvested in Armenia include wild herbs and wild berries. These are later translated into herbal teas, spices and essential oils and distributed in internal market or exported to foreign countries, including the European Union (EU).

1. Global Market of Tea and Armenia

Herbal tea global market is witnessing an impressive growth over the last few years. This is attributed to the rising health conscious of people both in developed and developing economies: a large part of the population now prefers herbal tea over caffeinated forms of tea. Since, herbal tea is free of caffeine the market is experiencing heavy demand in the current times. Similar growth is reported in herbal sector in general, particularly for organic spices and herbs. Herbal tea has a higher percentage of antioxidants compared to other form of tea and increasing number of cardiovascular diseases and obesity cases are anticipated to further fuel the sales of herbal tea during next several years.

The global herbal tea market could be segmented into Europe, North America, the Middle East and Africa, Latin America, and Asia Pacific. Asia Pacific is expected to witness the highest growth rate over the coming years. Tea is the most preferred hot beverage in these countries (mainly in India, Japan, and China) and the growing demand is mainly a result of market growth in this region. North America and Europe are considered as largest consumers of herbal tea as well.

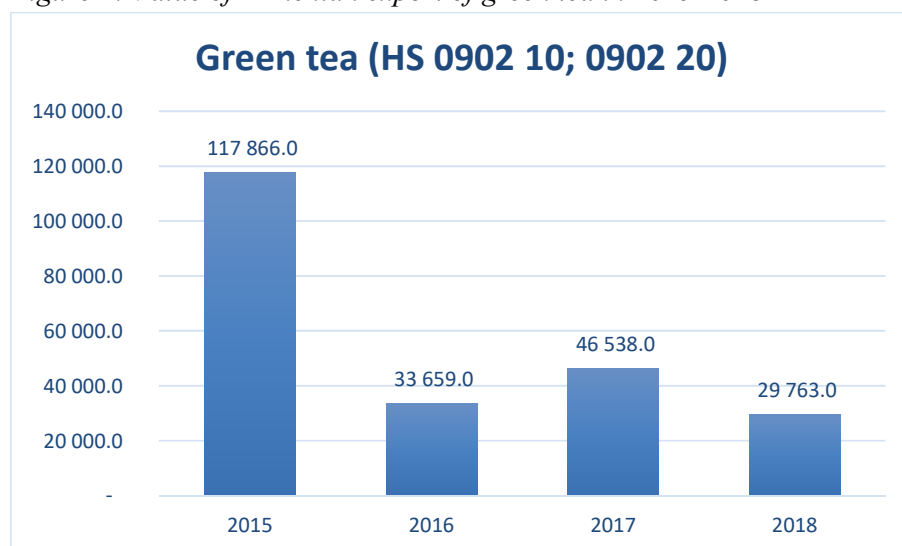
According to researches carried out by key players of beverages market and research institutions¹ global tea market was valued at around USD 49,456.52 million in 2017 and is expected to reach approximately USD 73,132.82 million by 2024, growing by around 4,5% from 2018 to 2024. Most popular herbal teas include peppermint tea, chamomile tea, cinnamon tea, dandelion tea and hibiscus tea as well as ginger tea, lemongrass and tea from fruits. The cinnamon segment holds the major market share followed by the dandelion. On the basis of the product type, the market is segmented into syrups, premixes, powdered ready to drink and liquid ready to drink. As to the

¹ Herbal Tea Market Analysis 2018 - Global Demand, Size, Share, Industry Trend, Top Key Players, Gross Margin and Fast Forward Research, a press-release, published Oct 15, 2018
<https://www.marketwatch.com/press-release/herbal-tea-market-analysis-2018---global-demand-size-share-industry-trend-top-key-players-gross-margin-and-fast-forward-research-2018-10-15>;
Analysis of Global Tea Market and Forecast to 2024 , Posted by Tom Davey, <https://worldteadirectory.com/global-tea-market-analysis-forecast-2024/> -

packaging type, loose tea, paper pouches, tea bags, carton packs and can packaging are dominant. Tea bags segment leads the tea market and is expected to continue its dominance, as it is easy to store and consume.

Tea production sector is not a developed sector in Armenia and the share of teas of Armenian origin is not big in the global market (export of Armenian green tea was ranked 87th in 2016). Limited operational capacities of Armenian tea producers and concentration mainly on the wild harvesting does not allow to expand production and respond to increasing demand for the products. That is why currently small amounts are exported to some niche markets of herbal green teas.

Figure 1: Value of Armenian export of green tea in 2015-2018



Source: Data from UN Comtrade database

The fluctuations from one year to another can be explained by the availability of wild herbs caused by favourable weather conditions as well as global economic condition and interest in foreign markets towards Armenian teas.

About 96% of green/herbal tea exported from Armenia goes to Russian Federation (UN Comtrade Data 2018). In general, geography of export of Armenian green herbal teas is not diversified. Russian Federation was considered as the main market of Armenian green herbal teas because of several reasons: big Armenian diaspora, free circulation of goods as a member of the same economic union (Eurasian Economic Union), historical links etc. Prices of herbal teas of Armenian origin are not high: the export price varies from 6-7\$ per kg, which is quite competitive.

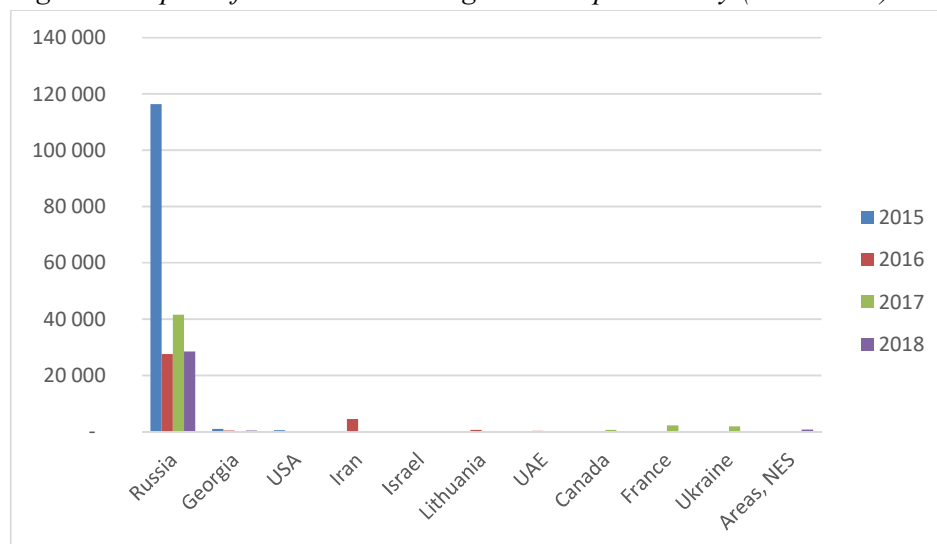
In any case, the export of herbal teas can be quite promising, especially in the light of high demand in foreign markets. Trade data assessment on the UN Comtrade database and,

particularly, analysis of import of green tea by the EU market show that the EU can be considered as a large prospective market for Armenian herbal tea exporters, given that the Armenian producers meet the food safety requirements for the EU market and especially, if producers have organic certification. Import of green teas by the EU countries was around EUR 71 mln, with around 4% growth compared to 2017.

Organic spices and herbs are products, which have continuously growing demand in the global market. The global market trends of wildy collected products are essential for development of the tea production sector in the country.

The Global organic spices & herbs market is segmented into North America, Europe, Asia Pacific, and rest of the world. Asia-Pacific region is estimated to dominate the market with 76% in the year 2017 followed by North America with 9% share².

Figure 2. Export of Armenian herbal green teas per country (2015-2018)



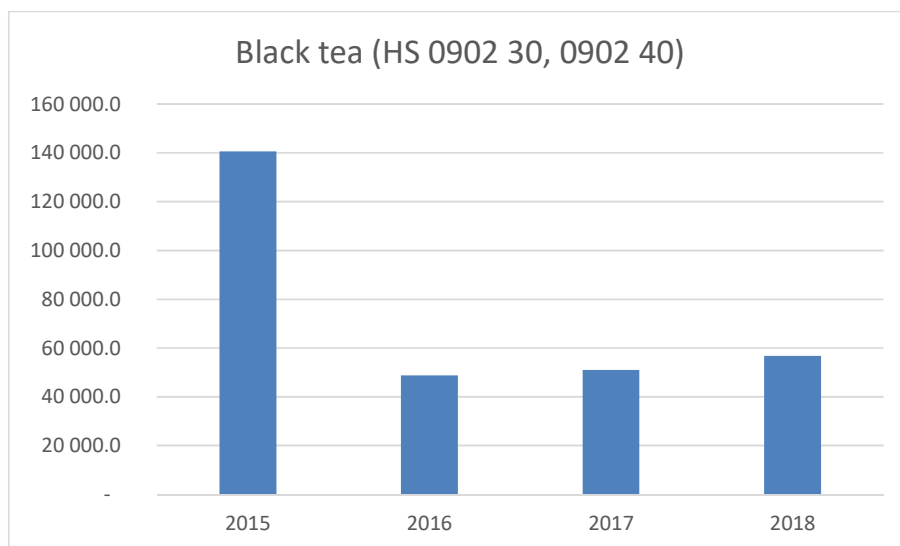
Source: Data from UN Comtrade database

Another promising exporting product is black tea of Armenian origin. Export of this product is continuously growing, which shows the highest interest in the partner markets toward the product. Despite of the tremendous decline registered in 2016, export growth of Armenian black teas constituted around 7% on average in 2016-2018. Though Russian Federation is the main exporting market, geography of export of this product is more diversified and includes Georgia, USA and Serbia.

Figure 3. Value of Armenian export of black tea in 2015-2018

² Global Organic Spices and Herbs Market Research Report - Forecast to 2023, October 2017

<https://www.reportbuyer.com/product/5376943/global-organic-spices-and-herbs-market-research-report-forecast-to-2023.html>



Source: Data from UN Comtrade database

Another products having export potential are extracts, essences and concentrates, as well as teas and other products prepared on the basis of these extracts, essences or concentrates. These are quite new products for Armenian producers, but already showed very high demand in foreign markets and growth potential. Export of these kind of products started in Armenia in 2017 (around USD 10 thousand), but already in 2018 it registered growth by more than five times. Main export markets are Ukraine, Russian Federation and Georgia. EU is considered one of potential markets of these products, with the total import value around EUR 70 mln in 2018, with the annual average growth of 3% from 2016 to 2018. USA, Russian Federation, China and Mexico are potential markets of these products.

2. Assistance Provided to Armenian Tea Producers Before 2019

We have identified a few state and donor financed programmes/projects implemented in Armenia before year 2019 from which several herbs wild collectors (or groups) and tea producers have benefited. These are the programmes/projects that have been completed before the date of the current report. The programmes/projects that are on-going or will start in near future are described in the next section.

STATE SUPPORT PROGRAMMES

Main state institution, which provided assistance to farmers and small and medium entrepreneurs in 2016-2018, was SME Development National Center of Armenia (SME DNC). The organization was responsible for the implementation of SME state support programmes, aiming to help start-ups and already functioning SMEs to develop their capacities and knowledge. Support to SMEs was provided by different assistance tools, some of which with assistance of the donor community (see Annex 1). Programme implemented by the SME DNC to support start-ups is the following:



The Loan Guarantees Provision programme

Implementing organisation: SME Development National Center of Armenia

Location: All marzes/regions of Armenia

The Loan Guarantees Provision programme supports SMEs that lack collateral and have low liquidity for loans. The programme allows entrepreneurs to qualify for loans by guaranteeing up to 70% of the principal of the loan and the interest rates for up to 5 years. The maximum amount guaranteed cannot exceed 15 million Armenian drams.

The loan guarantees are provided to SMEs operating in the regions with low level of economic activity (close to the border and rural areas, disaster zone, former industrial and scientific sites) in manufacturing, services provision and trade sectors. They should be involved in import substituting activities or be and exporting SMEs or have an export potential. Only SMEs that introduce and use new technologies and innovations are considered. Detailed information and procedures are available on <https://smednc.am>.

In 2016-2018, only one tea producing organization received a loan guarantee from the SME DNC.

SUPPORT PROVIDED BY THE EUROPEAN UNION



The European Neighbourhood Programme for Agriculture and Rural Development (ENPARD)

EU contribution: € 5 000 000 (plus EUR 20,000,000 as a budget support)

Implementing organisations: Ministry of Agriculture of the Republic of Armenia, the United Nations Industrial Development Organization, United Nations Development Programme and the Food and Agriculture Organization of the United Nations, local authorities and farmer groups.

Duration: October 2014 – September 2018

Location: All marzes/regions of Armenia

ENPARD started in Armenia in October 2014. Aim of the project was to improve agricultural institutions, encourage the development of farmers' associations and improve access to more affordable food.

In the framework of the Programme, the United Nations Industrial Development Organization, United Nations Development Programme and the Food and Agriculture Organization of the United Nations provided technical support to the Government of Armenia in close cooperation with the Ministry of Agriculture, local authorities and other stakeholders.

The purpose of the project was to strengthen and establish primary producers groups within the targeted value chains in selected regions of Armenia, improve their capacity and actively engage in value addition and provide direct assistance within the selected value chains that will

benefit not only stakeholders of those value chains but also Armenian consumers locally and nationally.

Two production groups involved in harvesting of wild herbs have been involved in the project.

“Dprabaki Gyughatntes Mayrer” a woman-led cooperative in Gegharkunik marz, comprised of 4 women and 2 men beneficiaries of the project. ENPARD provided drying machine, vacuum packaging equipment for drying and packaging of dried wild herbs and berries, organized expert trainings on Good Agricultural Practices on innovative technology of fruit and herb drying and linked women group to the cooperative “Antaram”, who used to organize the marketing of the collected wild herbs and berries. At the end of the project the group dried about 1000kg of wild herbs, part of which was sold to cooperative “Antaram” and the other part was sold at the harvest festivals and Pan Armenian Expo. “Ritea” tea producing cooperative is now one of the partners of this group.

The ‘Ritart Group’, has been producing and selling herbs since 2014 under the ‘Ritea’ label, but only in Yerevan and Russia. Registering as an agricultural cooperative in 2016 and becoming an ENPARD beneficiary, they have received support from ENPARD and opened up new opportunities. ENPARD enabled the cooperative to upgrade their production facility and make necessary repairs. The dried fruit and herb production facility was opened in the village of Geghard in Kotayk marz. Now the cooperative is a famous tea producing company and its production is in line with the technical and sanitary-hygienic European standards.

In general, ENPARD has supported more than five dried fruit and herb value chains (cooperatives), located in several regions of the country.



EU Organic Agriculture Support Initiative (OASI)

Total budget: € 3 300 000, ***EU contribution:*** € 2 800 000

Implementing organisation: Austrian Development Agency (ADA)

Duration: 42 months | September 2015 – March 2019

Location: All marzes/regions of Armenia

The EU Organic Agriculture Support Initiative project was launched in September 2015 and aimed at promoting organic agriculture in Armenia. This project specifically aimed at increasing local value-added of Armenian organic products as well as assisting higher efficiency of relevant public and private institutions. Supporting the Ministry of Agriculture with creation of a clear and enabling legal environment for organic producers and processors in line with international standards was one of the objectives of the project.

Activities of the project included promotion of organic extension services, raising awareness of organic production and products, and increasing market access for the producers. The OASI Project has also provided 45 beneficiary farmers and processors with financial assistance of about 1 million euros to start or expand their organic production. Moreover, nearly half-a-million euro

worth export has been registered as a result of the continued participation at the international exhibitions.

“Darman”, “Ritea”, “Antaram”, “Agrolog”, “Bizon-1”, “Mountain Tea” are the not full list of tea producers who benefited from the OASI support. The support provided by the OASI included provision of machinery and equipment, design and packaging, marketing, participation in exhibitions and trade fairs as well as assistance for organic certification.



Boosting competitiveness of regional SMEs

Total budget: € 1 604 808, ***EU contribution:*** € 1 123 370

Implementing organisations: “Small and Medium Entrepreneurship Development National Center of Armenia” (lead) and its partners: “Strategic Development Agency” NGO, “Armavir Development Center” NGO, “Spitak-Farmer” NGO and “Syun” NGO

Duration: 2016 - 2019

Location: Lori, Syunik, Armavir (regions) of Armenia

The overall objective of the project is to boost the competitiveness of regional SMEs and to create employment opportunities in Lori, Syunik and Armavir regions of Armenia, focusing on the sectors of food processing and tourism. It promotes the development of entrepreneurship by creating business opportunities for progressive young people, equipping start-ups and growing SMEs with contemporary business skills and competences, facilitating access to finance and markets, providing relevant skills and promoting sustainable employment.

Three group of activities are involved in the project:

- **Establishment of a Road Side Station (RSS) in Lori region**, as a marketing infrastructure for local products and services. The RSS is a multi-functional sale and rest facility on the highway, facilitating the development of local production and tourism, and includes a local brand shop, an information/training centre, and a rest station. Market research in the food processing and tourism sector was conducted for the planes RSS.
- **Entrepreneurship promotion:** A special toolkit for start-ups “Successful Start” was implemented in target regions of Armenia. In the framework of this assistance, operating SMEs and start-ups received targeted business trainings contributing to business skill development. The toolkit included also a loan guarantee facility: the most viable business plans received during the successful start campaign had an opportunity to apply for SME DNC’s loan guarantee facility for start-ups.
- **Job promotion:** to address the issues of the mismatch between job seekers’ skills and required qualifications on the labour market, the project organised a series of sector specific and general business trainings for young job seekers.

Though the project is ongoing, main “soft” activities have been implemented and the project partners are now involved in construction of the RSS.

One tea producing company benefitted from the project by receiving marketing support.



Enterprise Europe Network (EEN): Scaling up for grow

Total budget:

Implementing organisations: SME Development National Center of Armenia

Duration: 2017 - 2018

Location: All regions/marzes of Armenia

The main objective of the project was to boost regional scaling up SMEs in further grow and internationalization.

Main supporting tools included:

- Thematic trainings,
- Individual consultancy,
- International partner search by EEN tools

Target groups of the project were scaling up SMEs operating up to 5 years in food processing sector.

Seven tea producers participated in trainings and received support on business management, marketing, internalization, food safety standards.

3. On-going or Upcoming Assistance Programmes/Project for Armenian Tea Producers

In fact, there are not any support programmes, which provide assistance specifically to herbs wild collection or herbal tea production. However, there are several state and donor financed programmes/projects which support SMEs or agriculture development in Armenia. In the following paragraphs we will describe the support programmes/projects from which either herbs wild collectors (or groups) or herbal tea producers can benefit or have already benefited from.

STATE SUPPORT PROGRAMMES



Subsidizing interest rates of loans provided to agricultural sector

Implementing organisation: Ministry of Economy of the Republic of Armenia

Location: All marzes/regions of Armenia

Overall objective of the programme is contribute to improve capacities of business operators involved in agricultural sector, introduce modern technologies and increase agricultural productivity by through the partial subsidization of interest rates of loans provided to business operators by financial institutions.

In the framework of the programme, the interest rate of agricultural loans is defined 0% for beneficiaries of border-line communities³, 3% for agricultural cooperatives and 5% for other economic operators. The amount of the loan is AMD 3-15 mln. The loan term is maximum 5 years depending on the direction of the investment.

For the implementation of the programme, the government works with the following financial institutions:

- ACBA-Credit Agricole Bank CJSC
- Armbusinessbank CJSC
- Converse Bank CJSC
- “CARD AgroCredit” Universal Credit Organisation CJSC
- “Farm Credit Armenia” Universal Credit Organisation Commercial Cooperative
- “Kamurj” Universal Credit Organisation CJSC
- “Aniv” Universal Credit Organisation LLC
- Agroleasing LLC
- “Development and Investment Cooperation of Armenia” Universal Credit Organisation CJSC

To be entitled to benefit from the programme the business operator should have relevant certificate provided by the Ministry of Economy. The Application procedure is available on the website www.minagro.am.

Detailed information can be obtained also from the Agriculture Development Programmes Department of the Ministry of Economy, tel.: +375 11 525 232.



Subsidizing interest rates of loans provided for the purchase of agricultural raw materials

Implementing organisation: Ministry of Economy of the Republic of Armenia

Location: All marzes/regions of Armenia

Overall objective of the programme is increase the loan accessibility level for business operators engaged in processing of agricultural products in the territory of the Republic of Armenia.

The annual interest rate of loans provided in the framework of the programme should not exceed 12%, 9% of which will be subsidized by the Government. For businesses, operating in border-line communities⁴ the interest rate of mentioned loans is 0% (fully subsidised by the Government).

The balance of the principal amount of loan cannot exceed AMD 1.5 billion, the maturity date is up to one year. Loans subject to subsidy should be targeted solely on the payment of the harvested agricultural raw materials.

³ The list of settlements is defined by the Decree of the Government No. 1444-N of 18 December 2014; <https://www.arlis.am/DocumentView.aspx?DocID=127275>

⁴ The list of settlements is defined by the Decree of the Government No. 1444-N of 18 December 2014; <https://www.arlis.am/DocumentView.aspx?DocID=127275>

In the framework of the programme, the government works with the following financial institutions:

- ACBA-Credit Agricole Bank CJSC
- Ameriabank CJSC
- Ardshinbank CJSC
- Armbusinessbank CJSC
- Armeconombank CJSC
- Armswissbank CJSC
- Biblos Bank Armenia CJSC
- Converse Bank CJSC
- Evocabank CJSC
- HSBC Bank Armenia CJSC
- Inecobank CJSC
- VTB-Armenia Bank CJSC
- “CARD AgroCredit” Universal Credit Organisation CJSC
- “Development and Investment Cooperation of Armenia” Universal Credit Organisation CJSC
- “Farm Credit Armenia” Universal Credit Organisation Commercial Cooperative

In order to benefit from the programme the business operator should sign the raw material procurement contract with relevant farmers (template is available at www.minagro.am), fill in the application form and submit the documents to relevant financial institutions. Detailed information can be obtained from the Agri-processing Development Department of the Ministry of Economy, tel.: +375 11 230 180.



State support for leasing: Financial lease of agricultural equipment in agri-food sector of the Republic of Armenia

Implementing organisation: Ministry of Economy of the Republic of Armenia

Location: All marzes/regions of Armenia

The main objective of the programme is to provide support to business operators involved in agri-food sector of the country, by supplying equipment on affordable terms, particularly with the use of financial leasing mechanisms. It is expected, that this assistance will create prerequisites for increasing the volumes of agricultural primary production and processing, as well as to produce qualitative and safe products according to international standards and increase competitiveness of Armenian agricultural products in foreign markets.

In the framework of the programme, the equipment is provided in following sectors:

- Livestock breeding, including cattle breeding, sheep breeding, pig farming, poultry farming, beekeeping, fish breeding, industrial animal husbandry;

- Crop production, including greenhouses;
- Cold storages, including for milk;
- Sorting, packaging of fresh fruit and vegetable;
- Slaughterhouse
- Agri-processing
- Other activities in agri-food sector

Leasing is given in Armenian drams, with the maturity term of up to 8 years and annual interest rate of up to 11%, up to 7% of which is subsidised by the Government (final annual interest rate for the business operator should be 4%). For businesses, operating in border-line communities⁵, the interest rate is 0% (fully subsidised by the Government).

The total amount of the equipment obtained in the framework of programme should not exceed AMD 400mln.

In order to benefit from the programme, the business operator should select a supplier organisation, together with whom submits a financial leasing application to selected financial institutions. As soon as the applicant pays the prepayment (20% of the price of equipment); the financial institution signs delivery agreement with supplier organisation and provides equipment to the applicant, as soon as it is imported to Armenia.

The following financial institutions are involved in the programme

- Ameriabank CJSC
- Armeconombank CJSC
- Armswissbank CJSC
- Converse Bank CJSC
- “ACBA Leasing” Credit Organization CJSC
- “CARD AgroCredit” Universal Credit Organisation CJSC
- “Development and Investment Cooperation of Armenia” Universal Credit Organisation CJSC

Detailed information can be obtained from the Agri-processing Development Department of the Ministry of Economy, tel.: +375 11 230 180.



The Loan Guarantees Provision programme

Implementing organisation: SME Development National Center of Armenia

Location: All marzes/regions of Armenia

The Loan Guarantees Provision programme supports SMEs that lack collateral and have low liquidity for loans, which is particularly specific for the SMEs operating in remote and border-line

⁵ The list of settlements is defined by the Decree of the Government No. 1444-N of 18 December 2014; <https://www.arlis.am/DocumentView.aspx?DocID=127275>

regions of Armenia. The programme allows entrepreneurs to qualify for loans by guaranteeing up to 70% of the principal of the loan and the interest rates for up to 5 years. The maximum amount guaranteed cannot exceed 15 million Armenian drams. The annual interest rate for the loans provided by the SME DNC of Armenia partner banks through Loan Guarantees Provision programme is up to 15%.

Main criteria for provision of Loan Guarantees are the following:

- SMEs should operate in manufacturing, services provision and trade sectors
- SMEs should operate in the regions with low level of economic activity (close to the border and rural areas, disaster zone, former industrial and scientific sites)
- SMEs are involved in export activities or have export potential
- SMEs introduce and use new technologies and innovations

The loan guarantees are provided for the loans provided by the SME DNC of Armenia partner banks:

- Unibank CJSC
- Inecobank CJSC
- Ardshinbank CJSC
- Armbusinessbank CJSC
- Armswissbank CJSC
- Converse Bank CJSC
- VTB-Armenia Bank CJSC
- “Development and Investment Cooperation of Armenia” Universal Credit Organisation CJSC

The applicant SME has the right to select the bank or financial institution.

THE PROCESS OF LOAN GUARANTEE PROVISION

If the bank decides that the collateral provided by the business is not sufficient for the requested loan, the business can apply for loan guarantee. Main steps of the process is the following:

Step 1: Submission of the Application for the Loan Guarantee Provision

The applicant SME should prepare and submit to the SME DNC of Armenia the required package of documents. SME DNC discusses the submitted applications within two workdays and informs the applicants about the result.

Step 2: Decision of the Board of Trustees of the SME DNC

SME DNC (qualification committee) discusses the provided documents. The Loan Guarantee Application with positive conclusion of Qualification Committee in two workdays is presented to the Board of Trustees of the SME DNC of Armenia for its final decision.

Step 3: Contracts Signing and Guarantee Provision

After making the final decision, the SME DNC of Armenia signs the Guarantee Contract with the applicant SME and provides the Guarantee which should be submitted to the bank for final decision and provision of the loan.



Start-up Business Support Programme

Implementing organisation: SME Development National Center of Armenia

Location: All marzes/regions of Armenia

The aim of the programme is to establish new SMEs and new workplaces in Armenia. In the framework of the programme, support is provided to start-up entrepreneurs to help in the implementation of their business ideas.

The programme involves components of training, professional consulting, provision of information, and financial support. Consequently, start-up entrepreneurs acquire skills in business planning, marketing, management, production, financial planning, and more. Over the course of seven months, start-up entrepreneurs - with the assistance of professionals - develop their individual business plans and undertake its implementation.

The target groups of the programme are individuals who have realistic business ideas, start-up entrepreneurs with up to three years of state registration.

By participating in the programme participants will be able to develop their business plans and implement the business under the continuing guidance of consultants.

The programme is divided in several steps:

- **STEP 1. Selection of participants** – includes submission of an application and interview with representatives of SME DNC;
- **STEP 2. Training/Consultancy** - forming training groups, one month training and individual consulting courses to develop business plans. The courses contain basic knowledge on marketing, production management, financial planning etc. Meanwhile, participants are also informed of state registration procedures and RA tax related issues.
- **STEP 3. Presentation of business plans** - the business plans developed in Step 2 are presented to the members of evaluation commission, consisting of representatives from SME DNC of Armenia and partner organizations. The evaluation commission selects applicants, who can benefit from SME DNC's financial assistance;
- **STEP 4. Financial support** - Business plans, which receive the highest scores, can apply for loans, provided by SME DNC partner banks. The maximum amount of the loan, provided by

financial institutions is AMD 5mln. with the annual interest rate of 10%. The loan is provided for 5 year on the basis of 100% guarantee provided by SME DNC of Armenia;

- **STEP 5. Coaching** - Experts from SME DNC of Armenia accompany and assist start-up entrepreneurs over the next six months by refining their business plans, providing individual consultations and offering additional assistance based on individual needs.

Detailed information is available on the website of SME DNC: <https://smednc.am>.

EU PROGRAMMES/PROJECTS



Enterprise Europe Network

Implementing organisations: SME Development National Center of Armenia

Duration: since 2016

Location: All regions/marzes of Armenia

The Enterprise Europe Network is a European initiative, aimed at providing innovation and business support to all businesses across the European Union and beyond. The EEN comprises of around 600 partners in more than 60 countries offering a wide range of services to businesses.

Starting from 2016, the Small and Medium Entrepreneurship Development National Center of Armenia in consortium with the National Academy of Science of the Republic of Armenia, hosts the Enterprise Europe Network in Armenia.

The activities of EEN in Armenia are directed to the internationalization of Armenian entrepreneurship and to development of their capacity for entering the European market. Main services offered by the EEN Armenia include:

- Sharing information on European legislation, policies, standards, possible sources of financing, business cooperation opportunities and other EU issues,
- Supporting SMEs to identify potential business partners and to establish new business cooperation in the European market,
- Dissemination of business and technological profiles of Armenian businesses in foreign countries,
- Provision of information and consultation on intellectual property rights and further commercialization issues,
- Organization of business cooperation events and support in organization of meetings with potential partners.

In order to promote the international cooperation, the Enterprise Europe Network periodically organizes regional, national and European level events. Information on these events can be found here: <http://een.ec.europa.eu/tools/services/EVE/Event/ListEvents>.

Detailed information on EEN activities in Armenia can be found on the official website of the project "Enterprise Europe Network Armenia" <http://eenarmenia.am/>.
Already 10 tea producers benefited from the programme in Armenia.



Green Agriculture Project

Total budget: € 11 700 000, **EU contribution:** € 9 700 000

Implementing organisation: Austrian Development Agency

Duration: 2019 - 2022

Location: Northern marzes/regions of Armenia

The expected start of the project is September 2019, aiming to create high-value agriculture ventures and develop capacity of agricultural stakeholders, establish quality infrastructure for increasing efficiency and sustainability, and enhance export opportunities in agriculture and irrigation sector. The project will be implemented in three northern regions of Armenia: Lori, Shirak and Tavush.

Main support foreseen by the project includes:

- Capacity building activities for agricultural stakeholders,
- Improvement of machinery and post harvesting infrastructure,
- Support to VET in agricultural sector
- Provision of small grants
- Marketing support and awareness raising.

Currently the project does not have any sectoral preference. Sectors of further assistance will be decided after implementation of value chain analysis. However, harvesting of herbs and production of organic herbal teas are considered as one of possible sectors, where the project will intervene.



EU4Business – Eastern Partnership: Ready to Trade

Total budget: € 6 000 000

Implementing organisation: International Trade Centre

Duration: 2017 – 2020

Location: All marzes/regions of Armenia

The overall objective is to enhance the international trade of SMEs from the six Eastern Partnership countries, in particular with the EU, strengthening SME competitiveness and building up value chains in each country.

The project helps small and medium-sized enterprises from Eastern Partnership countries integrate into global value chains and access new markets with a focus on the European Union. The intervention will assist SMEs in producing value-added goods in accordance with international and EU market requirements; while linking them with buyers from global value chains and markets. As part of this process, the assistance will improve sector specific services to SMEs along the selected value chains by strengthening the capacity of local business support organisations.

In Armenia, the project primarily supports the agro-processing sector, focusing on **processed fruits and vegetables, dried fruits and vegetables, and herbs/teas**, assisting exporting and export-ready SMEs along the whole value chain. The support will be directed to helping companies access the EU market through targeted capacity-building, advisory services and market access activities.

Activities of the project include, but not limited to:

- Conducting analysis of the selected value chains and identifying constraints and opportunities for SME competitiveness, based on public-private consultations;
- Identifying potential target markets, including EaP countries, outlining market opportunities and market requirements for selected product groups;
- Drafting and finalizing project roadmaps for each country, including country specific technical assistance interventions, to enhance international competitiveness;
- Conducting awareness-raising and information events on key issues critical for trade success in global markets with a focus on the European market (including corporate social responsibility and core labour standards);
- Developing doing-business guides for targeted product groups together with other tools, such as business, market (access) and import/export intelligence studies, in order to provide tailor-made information to SMEs;
- Providing coaching, training and business advisory services to a pilot group of SMEs in the areas identified and outlined in the roadmaps developed;
- Identifying potential buyers in the EU, and other potential markets, including EaP countries and undertaking in-depth market opportunities studies in which specific buyers requirements will be detailed;
- Preparing SMEs for participation in trade fairs and upgrade their skills on marketing and sales strategies through training and advisory services etc.

In 2018-2019 four tea producing companies have received technical and financial support to participate in SIAL 2018 (3 companies) and BIOFACH 2019 (1 company) international food exhibitions.

Detailed information about the project is available at <http://www.eu4business.eu/project/eastern-partnership-ready-trade-eu4business-initiative>.

The programme aims to promote good management in the small and medium-sized enterprise sector by providing technical assistance and consultancy, helping them to grow their businesses.

Objectives of the programme are:

- Contribute to improved access to finance for SMEs and enhance competitiveness of assisted SMEs.
- Strengthen and improve sustainability of local business advisory services infrastructure

The activities of the programme include:

- Provision of a business advice through international advisers and local consultants. This includes teaching and mentoring activities as well as the dissemination of commercial and technical know-how to key managers;
- Organisation of study visits;
- Provision of financial support.

The programme is implemented in all regions of Armenia. As of today, about 76% of assistance was provided to SMEs operating outside of Yerevan. The programme works in almost all sectors of economy. Eligibility criteria of the assistance are:

- **Size:** annual turnover up to EUR 50mln or balance sheet total of less than EUR 43mln. Usually support is provided to companies which have fewer than 250 workers;
- **Ownership:** Businesses established by local Armenian citizens;
- **Operation:** Businesses should be operational two and more years;
- **Sector:** Almost all sectors (except military sector, producers of tobacco, gambling or financial sector).

Detailed information and application forms are available on the EBRD website:
<https://www.ebrd.com/work-with-us/advice-for-small-businesses/armenia-overview.html>



Armenia SME Finance and Advice Facility

Total budget: € 15 380 000 (EU funded)

Implementing organisation: European Bank for Reconstruction and Development

Duration: 2017 – 2029

Location: All marzes/regions of Armenia

Started in 2017, the SME Finance and Advice Facility aims to deepen and diversify access to finance for local SMEs by combining technical advisory services with the grant support for equity and other forms of capital investments. The facility will try to improve access to finance for SMEs through a combination of investment projects and technical assistance, and a diversification of sources of finance, ultimately creating jobs, contributing to increased investment, capital market development and diversification of economic activity.

The facility has two pillars:

- Expanding financing options to SMEs in Armenia including equity and quasi-equity (around EUR 11mln is planned to spend for achievement results of this component). Component, including the creation of a private equity fund, expected to make investments in eligible Armenian SMEs over a five-year investment period
- Providing advisory services to SMEs in order to promote competitiveness and innovation and enable businesses to grow and to attract further investment (EUR 4mln will be spent under this component). Particular focus will be on investment readiness to help targeted SMEs to access the financing they need to grow.

Beneficiaries of the Facility are SMEs operating in all regions of Armenia.



Erasmus for Young Entrepreneurs

Implementing organisation: SME Development National Center of Armenia (local partner) in partnership with Cambra Oficial De Comerç Industria De Terrassa, Spain, Camara Oficial De Comercio Industria Y Navegacion De Oviedo, Spain, Polska Agencja Rozwoju Przedsiębiorczości, Poland, Vzdelavacie A Inovacne Centrum - Velmax No-Vic-Velmax, Slovakia, Technologie - Und Grunderzentrum Bautzen GMBH, Germany, Veszprem Megyei Kereskedelmi Es Iparkamara Tarsadalmi Szervezet, Hungary, Oxalis Scop Sa, France, Voka-Kamer Van Koophandel Oost-Vlaanderen, Camera Di Commercio Industria Artigianato Agricoltura Di Torino, Italy

Duration: 2009 – 2019

Location: All marzes/regions of Armenia

Erasmus for Young Entrepreneurs is an exchange programme for entrepreneurs, financed by the European Union. The general objective of the programme is to facilitate exchanges of experience, learning and networking for new EU entrepreneurs by means of working with an experienced entrepreneur in another EU country.

The programme offers an opportunity to work alongside an experienced entrepreneur in another participating country and strengthen the skills the entrepreneur needs to develop his/her business. The exchange of experience takes place during a stay with the experienced entrepreneur, which helps the new entrepreneur acquire the skills needed to run a small firm. The host benefits from fresh perspectives on his/her business and gets the opportunities to cooperate with foreign partners or learn about new markets.

In order to benefit from the programme, the entrepreneur should pass four phases:

1. APPLICATION PHASE - Interested new entrepreneur and host entrepreneurs apply through an on-line registration tool and establish contact with the intermediary

- organisations⁶ that they have chosen. The intermediary organisation assesses the application and decides whether applicants are eligible or not.
2. **MATCHING PHASE** - Once accepted, the intermediary organisation facilitates contacts between accepted new and host entrepreneurs and seek to make matches.
 3. **CONTRACTING AND PREPARATION PHASE** - the parties involved (new and host entrepreneur, intermediary organisation) reach agreement on the Erasmus for Young Entrepreneurs commitment, business/work/learning plan, tasks, responsibilities, financial conditions, legal implications, etc. and sign the necessary agreements. The European Commission gives the final approval of the match. New and host entrepreneur participate in preparatory activities organised by the intermediary organisation responsible.
 4. **IMPLEMENTATION PHASE** – The stay abroad needs to be completed within an overall time span of twelve months and should total between one month and six months. Within this time span the stay may be divided into a number of shorter time slots (minimum: one week per slot) which the new entrepreneur actually spends on site at the host entrepreneur's enterprise. As soon as new and host entrepreneurs complete the stay abroad, they should report on them. The intermediary organisation monitors the value of the activity and evaluates the results.

Any sector of the private economy can participate in the programme. Entrepreneurs participating in the project must come from a micro, small or medium-sized enterprise. New entrepreneurs are defined as entrepreneurs in the early stages. This includes entrepreneurs, who are firmly planning to start their own business based on a viable business plan, and entrepreneurs who have recently started their own business (i.e. been in operation for not more than three years).

Detailed information on the programme and participation requirements can be obtained from the SME DNC of Armenia: <https://smednc.am>

SUPPORT FROM OTHER DONORS



Rural Economic Development – New Economic Opportunities (RED-NEO) Program

Total budget: USD 4 000 000

Implementing organisation: Center for Agribusiness & Rural Development (CARD), AM Partners Consulting, Armenian Women for Health and Healthy Environment NGO, and Hicks Burnham and Williams LLC

Duration: 2019 – 2024

Location: At least 60 communities in all marzes/regions of Armenia

⁶ Intermediary organizations have been officially appointed to establish contacts between new and host entrepreneurs. They are involved in promoting entrepreneurship at European, national or sub-national level. The intermediary organization in Armenia is SME DNC of Armenia

The RED-NEO project launch was in April 2019. RED-NEO activities will promote inclusive, sustainable economic security and economic growth by supporting at least 100 businesses in at least 60 communities. The program will accelerate the growth of small- and medium-sized enterprises (including farms and cooperatives) in the regions; facilitate market linkages between producers and buyers; and establish networks to promote local economic development. It will foster the development of a competitive agriculture sector by improving the performance of rural businesses and cooperatives, and their ability to meet quality standards.

The project is currently in the stage of identifying target communities and analysing their needs. However, harvesting of herbs and production of organic herbal teas are considered as one of possible sectors, where the project will intervene.



Միասին Ռուսիայի Բնակչության

German Nature and Biodiversity Conservation Union (NABU): Free Organic Certification

Implementing organisation: NABU and ACBA-CREDIT AGRICOLE BANK

Duration: Annually

Location: All marzes/regions of Armenia

German Nature and Biodiversity Conservation Union and ACBA-CREDIT AGRICOLE BANK signed a cooperation agreement on February 20, 2015. Within its framework a project for the development of organic agriculture is being implemented annually.

The project is aimed for development of organic products' market in Armenia and export promotion. Every year an organic certification contest is being organized.

The support includes assistance for organic certification, as well as in participation in exhibitions and trade fairs.

The products presented by the applicants for certification pass an expert examination. After the results are summarized, the winners who are recognized as organic food producers in accordance with international standards receive certificates with the financial support of ACBA-CREDIT AGRICOLE BANK and NABU.

During 2015-2018 out of 27 producers of agri-products which have received free organic certification 4 are herbal tea producers, namely "Mega Ararat", "Sari tei", "Antaram" and "Darman tea". "Sari tei" and "Antaram" later, with the assistance of the project, have signed an agreement with German TeeGschwendner on herbal tea export.



European Fund for Southeast Europe (EFSE)

EU contribution: € 5 100 000

Implementing organisation: Kreditanstalt für Wiederaufbau (KfW), Finance in Motion GmbH

Duration: 2009 – 2021

Location: All marzes/regions of Armenia, Eastern Partnership countries

The Fund aims to foster economic development and prosperity in the Southeast Europe and in the European Eastern Neighbourhood regions through the sustainable provision of additional development finance, notably to micro and small enterprises and private households, via qualified local financial institutions.

The fund provides small loans, including in local currency, and assistance to micro (fewer than 10 employees) and small (fewer than 50 employees) enterprises, as well as to low-income private households. Support is available to MSEs in sectors such as agriculture, industry, trade and services.

The EFSE operates through local partner lending institutions, including commercial banks, microfinance banks, microcredit organisations and non-bank financial institutions such as leasing companies. Partner organisations in Armenia are:

- ACBA Credit Agricole Bank CJSC
- Araratbank CJSC
- Inecobank CJSC
- “ACBA Leasing” Credit Organization CJSC

Detailed information and country contacts can be found at <https://www.efse.lu/>



Women in Business

Total budget: € 5 035 000

Implementing organisation: European Bank for Reconstruction and Development

Duration: 2012 – 2022

Location: All marzes/regions of Armenia, other Eastern Partnership Countries

The objective of the programme is to promote women's entrepreneurship and access to finance, and more broadly women's participation in business, by facilitating access to finance and advice for women-led SMEs.

Programme is specifically focused on women-led SMEs - businesses with fewer than 250 employees and less than €50 million in annual turnover or with a balance sheet total of less than €43 million. For a business to qualify for this programme, overall operational management responsibility for the company should be held by a woman, who may also partially or wholly own the business.

The Women in Business programme helps women-led small and medium-sized enterprises to access the finance and the know-how they need to grow. The EBRD provides access to finance through credit lines to local banks dedicated to develop women-led SMEs, alongside business

advice to help businesses become more competitive. The programme also offers training, mentoring and other support to enable women entrepreneurs to share experiences and learn from each other.

The Programme is active in two main areas:

1. Access to finance
 - Dedicated credit lines to participating financial institutions for on-lending to eligible women-led SMEs. Partner financial institutions in Armenia are ACBA-Credit Agricole Bank CJSC, Ameriabank CJSC, Araratbank CJSC, Armeconombank CJSC
2. Access to know-how
 - Business advisory and coaching
 - Training in key entrepreneurial skills
 - Online business diagnostic tool Business Lens
 - Mentoring
 - Networking seminars

There is almost no sector limitation: and women-led businesses in almost every sector and industry can apply for the assistance. The only exception are businesses in banking or financial services, military products or services, gambling or tobacco.

For more detailed information please visit <http://www.ebrdwomeninbusiness.com>

ANNEX 1. SUPPORT PROVIDED TO ARMENIAN TEA PRODUCERS BY SME DNC OF ARMENIA IN 2016-2019

Programme/Project	Implementing agency	Scopes of the support provided	Number of supported tea producers
State support annual programme	SME DNC of Armenia	Loan guarantees	1
Enterprise Europe Network	SME DNC of Armenia	Support on internalization	10
EEN/Scale-up for grow	SME DNC of Armenia	Seminar and mentoring on business management, marketing, internalization, food safety standards.	7
EEN/Consulting on HACCP standard dedicated to herbal tea producers	SME DNC of Armenia	Mentoring on HACCP	4
EEN Armenia/ ERASMUS for young entrepreneurs	SME DNC of Armenia	Internship opportunities for Armenian young Entrepreneurs	1
EU4Business/Boosting competitiveness of regional SMEs	SME DNC of Armenia	Marketing support	1
EU4Business/Ready to trade	SME DNC of Armenia/ ITC	Technical and financial support to participate in SIAL 2018	3
EU4Business/Ready to trade	SME DNC of Armenia/ ITC	Technical and financial support to participate in BIOFACH 2019	1

BULGARIA



INTRODUCTION

Since 2007 Bulgaria is a member of the European Union and has access to financial sources of the Union, especially to the Common Agricultural Policy (CAP). CAP supports EU agriculture by providing direct payments, aimed at stabilizing farm revenues, and finances projects responding to country-specific needs through national (or regional) rural development programmes, which also cover the wider rural economy and life in rural areas.

There are also other support programs for the agriculture and particularly for farmers active in the area of herbs and medical plants in the country in the form of grants and loans from local branches of multinational banks and donors as well as EU funded programmers, which are managed either by the Bulgarian government i.e. Operational Program “Competitiveness of local economy” or Technical Secretariats of multinational programs like Danube Transnational Program, JOP “Black Sea Basin 2014-2020”, “Balkan-Mediterranean Program 2014-2020 or Cross-border cooperation programs (Bulgaria-Romania, Greece-Bulgaria, etc.)

To be able to benefit from the European funding and other donors’ support schemes, Bulgaria has adopted its legislation with the European legislation in all areas, including in the area of agriculture with sub-focus on protection and long-term sustainable use of herbs, medicinal plants and essential-oils crops on the territory of the country.

1. Legal Framework for the Herbs and Medical Plants in Bulgaria



About 200 species of herbs and medicinal plants are collected in Bulgaria. They are used in the pharmaceutical and food industries, in cosmetics and folk medicine and other areas.

In recent years, around 15,000 tons of herbs and medicinal plants have been collected and processed at the points of purchase of herbs, according to the reports of Regional Inspectorates of Environment and Water (RIEW). About 20 species of herbs are actively traded.

In order to preserve the existing species of herbs, the rules for the conservation and sustainable use of the wild herbs' habitats must be followed, as well as the cultivation technologies.

The richness of medicinal plants and the position of Bulgaria as one of the world leaders in the collection and delivery of herbs, substantiates the need to study, preserve, rational and efficient use of the resource of medicinal plants.

The Medicinal Plants Act regulates all activities for the conservation and use of medicinal plants. The law regulates the management of activities for the conservation and sustainable use of medicinal plants, including the collection and purchase of the herbs they receive. It describes the obligations of individuals and legal entities and institutions. The main purpose of the law is to provide conditions for long-term sustainable use of medicinal plants on the territory of the country.

There are two ordinances to the Medicinal Plants Act, which introduce the rules and requirements for the collection of herbs, the structure and operation of herbs' collection points and warehouses.

These are **Ordinance No. 2 on the rules and requirements for the collection of herbs and genetic material from medicinal plants, and Ordinance No. 5** on the requirements that must be met by herbs' collection points and / or herbs stores. **Order No. RD-88 / 20.01.2019** of the Ministry of Environment and Waters **determines the quantities of herbs** from natural habitats outside the national parks that are eligible for collection.

The Environmental Protection Act governs public relations related to environmental protection for present and future generations and the protection of the environment, human health, conservation of biodiversity in harmony with nature biogeographical characteristics of the country and others.

The Biodiversity Act regulates the relations between the state, municipalities, legal entities and individuals on the conservation and sustainable use of biological diversity in the Republic of Bulgaria. Biodiversity is the diversity of all living organisms in all forms of their natural organization, their communities and habitats, the ecosystems and processes that take place in them.

The Forests Law regulates the public relations related to the protection, management and use of the forest territories in the Republic of Bulgaria in order to ensure multifunctional and sustainable management of forest ecosystems. Among the purposes of the law are protection and increase of the forest area, maintaining biodiversity and landscape diversity and improving the status of populations of wild flora, fauna and mycotic species, etc.

Law for Protected Areas regulates the categories of protected territories, their purpose and the regime of protection and use, declaration and management.

2. EU Common Agricultural Policy (CAP)



Photo credit: Digitalization Strategy for Agriculture & Rural Areas of Bulgaria

The common agricultural policy (CAP) is Europe's answer to the need for a decent standard of living for 22 million farmers and agricultural workers and a stable, varied and safe food supply for its 500 million citizens. As a common policy for all 28 EU countries, the CAP strengthens the competitiveness and sustainability of EU agriculture by providing direct payments aimed at stabilizing farm revenues, and finances projects responding to country-specific needs through national (or regional) rural development programmes, which also cover the wider rural economy and life in rural areas. The CAP also provides a range of market measures, including tools to

address the impact of price volatility and other market difficulties and additional elements, such as quality logos or promotion for EU farm products, which complete CAP action to support farmers. The CAP budget for 2014-2020 is €408.31 billion, with €308.73 billion intended for direct payments and market measures and €99.58 billion for rural development.

CAP in Bulgaria

Country Overview



- Covers an area of **110 900 km²** of which 81 % is rural. Of the total area, 46.1 % is agricultural land while forests cover 37.4 %.
- Has a total population of roughly **7 million**, of which more than 2 million (or 37.1%) live in predominantly rural region.
- Has highly **polarized farm structures** and fragmented land ownership following the land restitution process.
- Has **rich natural biodiversity** and a significant share of high nature value farmlands and permanent grassland that contribute to preserving biodiversity (34 % of the land that can be used for agriculture).
- Has nearly half (48 %) of its territory covered by **mountainous/less favored areas**.

- Has a rural economy that is highly **dependent on agriculture**, characterized by high unemployment, an ageing population, poor access/quality of basic services (roads, sewage systems, etc.) and migration towards urban areas, but with good potential for rural tourism development.

In the period from 2014 to 2020, around €7.4 billion¹ is expected to be invested in Bulgaria's farming sector and rural areas through the CAP. Certain key political priorities for which CAP funding should be used have been defined at European level - jobs and growth, sustainability, modernization, innovation and quality. However, Bulgaria also has the flexibility to adapt both direct payments and its rural development programme to its specific needs.

Fairer and greener direct payments

Bulgaria's direct payment allocation for 2014-2020 amounts to around €5.1 billion.

Farmers in Bulgaria, as they are across the EU, are subject to so-called 'greening' rules, designed to ensure that they farm in a sustainable way and help contribute to the EU's efforts to tackle climate change, biodiversity loss and soil quality. Under this system, 30% of the direct payment

allocation, paid per hectare, is linked to three environmentally-friendly farming practices: crop diversification, maintaining permanent grassland and dedicating 5 % of arable land to environmentally friendly measures (so-called 'ecological focus areas').

As one of the newer EU member states, until the end of 2020 Bulgaria will apply a simplified system for allocating direct payments to farmers – known as the single area payment scheme or SAPS. This system links the amount of basic income support for Bulgarian farmers to the area of land declared by each farmer in a simpler form than the main direct payment payments scheme applicable in most other EU countries. The Bulgarian authorities earmark 13 % of the direct payments allocation (the maximum permitted) for voluntary coupled support – i.e linking payments not only to the number of hectares farmed but also to specific products or processes, in this case beef and veal, fruits and vegetables, milk and milk products, sheep meat and goat meat, and protein crops. Bulgaria has also opted for redistributive payments that allow it to achieve a fairer distribution of the support between farmers by reducing 5 % direct payments for amounts above €150 000 on an individual farm (excluding the first 30ha declared). In addition, all payments are capped at €300 000.

Bulgaria also applies the small farmers scheme, a simplified system of support for the smallest beneficiaries, with a maximum annual payment of €1 250 per farmer. This scheme reduces the administrative burden on farmers with the smallest holdings, as well as reducing their obligations with regards to cross-compliance (i.e. the obligation to meet certain environmental standards to receive their payments) and exempting them from greening rules.

Farmers at the heart of the food supply chain

Through the CAP, the EU also supports producer organizations that can help farmers to get better organized and to market their products more effectively, strengthening their position in the food supply chain.

Supporting key priorities for Bulgaria's rural development

For 2014-2020, a total contribution of more than €2.9 billion (€2.4 billion from the EU, including €28 million transferred from the Bulgarian allocation for direct payments, €0.5 billion in national funding) has been allocated for measures that will benefit Bulgaria's rural communities.

The 2014-2020 rural development programme for Bulgaria focuses on the **following priorities**:

- improving the competitiveness of the agricultural sector and farm viability and ensuring quality food production (around 24 % of the funding)
- preserving ecosystems and the sustainable use of natural resources in agriculture, forestry and food processing (around 46 %)
- the economic and social development of rural areas – creating jobs, reducing poverty, improving social inclusion and quality of life (around 30 %).

These objectives are part of broader priorities on increasing innovation and tackling environment and climate-related issues.

In order to improve the competitiveness of Bulgarian farms, funding will be used to support advice and training for farmers; given the polarized farm structure in Bulgaria, a specific programme to boost the competitiveness of small farms has also been created.

3. Rural Development Programme 2014-2020 for Bulgaria



Photo credit: VEDA

The Bulgarian Rural Development Programme (RDP) was formally adopted by the European Commission on 26 May 2015, outlining Bulgaria's priorities for using € 2.9 billion of public money that is available for the period 2014-2020 (€ 2.4 billion from the EU budget, including € 28 million transferred from the Bulgarian envelope for CAP direct payments and € 0.5 billion of national funding).

Under the first objective of improved competitiveness and balanced development of the country's agri-food and forestry sectors, about 3 500 agriculture holdings and about 120 companies active in the forestry sector are expected to receive investment support. More than 4 000 small farmers will receive support to develop their farms and 1 630 young farmers will receive start up aid to launch their businesses. Under the second objective of protection and sustainable management of ecosystems, efficient use of natural resources and mitigation and adaptation to climate change, support for conversion and maintenance of organic farming will cover about 46 000 ha (out of which 23 000 ha will cover conversion to organic farming). Agri-environment-climate measures

will be implemented on 113 000 ha and 60 000 ha in designated Natura 2000 areas will benefit from compensatory support.

Under the third objective of socio-economic development of rural areas, more than 4 200 jobs will be created through diversification and development of small enterprises, and another 600 jobs via the implementation of local development strategies. One third of the rural population will benefit from improved infrastructure.

Support for Rural Development is the 2nd Pillar of the Common Agricultural Policy, providing Member States with an envelope of EU funding to manage nationally or regionally under multi-annual, co-funded programmes. In total, 118 programmes are foreseen in all 28 Member States. The new RD Regulation for the 2014-2020 period addresses six economic environmental and social priorities, and programmes contain clear targets setting out what is to be achieved. Moreover, in order to coordinate actions better and maximize synergies with the other European Structural & Investment Funds (ESIF), a Partnership Agreement has been agreed with each Member State highlighting its broad strategy for EU-funded structural investment.

Here below is a brief overview of how the challenges and opportunities faced by Bulgaria are addressed by the RDP.

Situation and key challenges

Bulgaria covers an area of 110 900 km² of which 81 % is rural. Of the total area, 46.1 % is agricultural land while forests cover 37.4 %. The total population is 7.28 million – of which 39 % live in rural areas. In 2012, 58.8 % of the working-age population is employed, however the level of employment in rural areas is lower (50.7 %) and the areas are characterized by higher poverty and population decline compared to urban areas.

The agricultural sector contributes to 6 % of the country's Gross Value Added (GVA) and 18.3 % of the work places, while the food industry has a share of 3.8 % in the GVA and 3.4 % in the employment. The structure of agricultural holdings is polarized - although an average holding in Bulgaria utilizes 12 ha of land, 91 % of the country's 370 500 agricultural holdings have less than 5 ha. The average economic size of an agricultural holding is € 6 847. 23 % of farms are in the range of € 2 000 – € 7 999 and they contribute to 24 % of the agricultural employment. Certain traditional agricultural sectors (such as fruit and vegetables, and livestock) are underperforming and experiencing structural difficulties. In addition to the need for technological modernization, there is a necessity to promote short supply chains, restructuring of small farms, and generation renewal in agriculture in order to ensure stronger productivity growth and the creation of new jobs.

The Bulgarian ecological network Natura 2000 covers 34.4 % of the country's territory. 504 600 ha are classified as High Nature Value (HNV) areas. Nitrate Vulnerable Zones (NVZ) cover 34.5

% of the territory and 69 % of agricultural areas. However, land abandonment or intensification of agricultural production create risk for biodiversity, inefficient use of natural resources and negative impact on water and soil. As of 2012, only about 12 000 ha of the total agricultural land was certified for organic farming, but this figure is increasing every year. In 2011 the share of renewable energy in the total energy consumption was at 13.8 % (a 16 % target to be reached by 2020). 57 % of Bulgarian forests are included in Natura 2000 and forest fires are a considerable risk, leading to loss of biodiversity and increased emissions.

Other challenges include depopulation and lower economic activity in rural areas, accompanied by poor quality of basic services for the rural population and outdated public infrastructure, social and cultural facilities.

How the Bulgarian RDP will address these challenges

In addressing these challenges, Bulgaria's RDP will fund actions under all six Rural Development priorities – with a particular emphasis on Competitiveness of agri sector and sustainable forestry as well as Social inclusion and local development in rural areas. A thematic sub-programme will be implemented to help the sustainable development of small farms. The focus of each priority is explained briefly below.

Knowledge transfer and innovation in agriculture, forestry and rural areas

Under this priority the RDP aims to support knowledge transfer and information actions, advisory services, farm management and farm relief services and co-operation. Around 4 800 people will be trained to increase the knowledge and skills of those employed in the agricultural and forestry sectors. Total number of co-operation actions will be 470 while 20 Operational Groups under the European Innovation Partnership will receive support.

Competitiveness of agri sector and sustainable forestry.

The number of holdings to be supported for investments will be 3 500 (1 %) while the number of beneficiaries receiving start up aid for development of small farms will be 4 060. 1 630 (0.44 %) agricultural holdings will receive start-up aid for young farmers. Support is also foreseen for improving the economic performance of 120 companies active in the forestry sector.

Food chain organization, including processing and marketing of agricultural products, animal welfare and risk management in agriculture

450 agricultural holdings (0.12 %) will receive support for participating in local markets and short supply chains as well as in producer organizations. 1 555 operations will be supported linked to investments for production or marketing of agricultural products, as well as 40 producer groups involving 170 agricultural holdings.

Restoring, preserving and enhancing ecosystems related to agriculture and forestry

Support for conversion to organic farming will cover 23 000 ha and another 23 000 ha will be supported for maintenance of the organic farming activities. Agri-environment-climate sub-measures will be implemented on 113 000 ha. 60 000 ha in designated Natura 2000 areas will benefit from compensatory support. Payments for areas with natural constraints are planned to cover 310 000 ha mountain areas and 220 000 ha of other areas facing significant natural constraints. As regards forestry, € 8 750 000 public funding is planned to be spent on forest-environmental and climate activities and forest conservation.

Resource efficiency and climate

Renewable energy production will be supported via 335 investment operations, and another 505 will target improved energy efficiency in the agricultural sector and food processing industry. Investments in live-stock management in view of reducing GHG and/or ammonia emissions (manure treatment) will affect more than 18 000 Livestock Units (1.6 % of the total). Over 2 000 ha of agricultural and forest land will be under management contracts contributing to carbon sequestration and conservation.

Social inclusion and local development in rural areas

More than 4 200 jobs will be created through diversification and development of small enterprises, and another 600 jobs via the implementation of LEADER local development strategies. Investments for diversification into non-agricultural activities will be provided to 1 600 enterprises. On third of the rural population will benefit from improved infrastructure.

Support for will be provided to 60 Local Action Groups under LEADER to implement local development strategies covering 23 % of the rural population. 1.64 % of the rural population will benefit from improved access to ICT (New Generation Access broadband infrastructure).

The **four biggest RDP measures** in budgetary terms (total public funding) are:

- € 841 million allocated for Measure 4: Investments in physical assets
- € 626 million allocated for Measure 7: Basic services and village renewal in rural areas
- € 276 million allocated for Measure 13: Payments in areas facing natural or other specific constraints
- € 271 million allocated for Measure 6: Farm and business development

4. RDP support to producers of herbs, medical and essential oil plants



Photo credit: Stark.bg

Sub - measure 4.2. "Investment in processing / marketing of agricultural products"

Territorial scope

The territorial scope of projects involving investments in the processing of products of Annex I to the Treaty on the Functioning of the European Union is the territory of the Republic of Bulgaria. The territorial scope of projects involving investments in the processing of products listed in Annex I to the Treaty on the Functioning of the European Union into products other than Annex I to the Treaty is the territory of rural areas.

Objectives of the grant awarded under the procedure and expected results

Assistance under the procedure is aimed at achieving the objectives of Sub-measure 4.2. "Investment in processing / marketing of agricultural products" under measure 4 "Investments in tangible assets" of RDP 2014-2020 to improve the overall activity, economic efficiency and competitiveness of food processing enterprises through:

1. better use of factors of production;
2. introduction of new products, processes and technologies, including short supply chains;
3. improving the quality and safety of food and its traceability;
4. compliance with European Union (EU) standards;
5. improving environmental protection.
- 6.

Total amount of the grant under the procedure

The total amount of the grant under the procedure through selection of project proposals under sub-measure 4.2. Investments in processing / marketing of agricultural products from measure 4 "Investments in tangible assets" is in the amount of BGN equivalent to 166 243 000 BGN.

Minimum and maximum amount of grant for a specific project

1. The minimum amount of the total eligible costs for a project is BGN 29 337.
2. The maximum amount of the total eligible costs for the sub-measure for the whole period of implementation of the RDP 2014 - 2020, including when applying with an integrated project for one applicant, is BGN 3 911 600.
3. The maximum amount of the total eligible/ sub-eligible expenditure for collective investment projects submitted by producer groups or organizations, including when applying with an integrated project for the whole period of application of the RDP 2014 - 2020 for one applicant, is 3 911 600 BGN.
4. The maximum amount of the total eligible costs of the sub-measure for the period of application of the RDP 2014 - 2020 may not exceed BGN 3 911 600, for applicants and / or beneficiaries, who are mutually partner and / or affiliated undertakings within the meaning of the Small and Medium Enterprises Act.
5. Where a candidate under items 1a and 1c of section 11.1. Applicant eligibility criteria participates in a collective investment entity that is a candidate / beneficiary under this sub-measure, the maximum amount under items 2, 3 and 4 includes the amount of eligible costs of the collective investment project, calculated in proportion to the cases with which he participates in the capital of the legal entity for collective investment.
6. When in a collective investment applicant under item 1b of Section 11.1. "Eligibility Criteria for Applicants" has a member who is a beneficiary or a candidate for previous admission under this sub-measure, the maximum amount under items 2, 3 and 4 includes the amount of eligible project costs of the participant, calculated in proportion to the case, with which participates in the capital of the applicant for collective investment.

Co-financing rate

1. The maximum grant intensity, depending on the category of the applicant company and the place of project implementation, is as follow:
 - for projects submitted by micro, small or medium-sized enterprises involving investments in the processing / marketing of agricultural products into products falling within the scope of Annex I to the Treaty is 50 per cent of the total eligible expenditure
 - for projects submitted by large enterprises, the financial contribution is 40 per cent of the total amount of eligible expenditure for financial support.

Rural areas:

SMEs 50%

Large enterprises 40%

Outside rural areas

SMEs 50%

Large enterprises 40%

2. The maximum grant intensity for projects submitted by micro, small or medium-sized enterprises involving investments in the processing of products listed in Annex I to the Treaty into products other than Annex I to the Treaty shall be 50% of the total eligible costs of the project.

Rural areas:

SMEs 50%

Large enterprises Not eligible for support

Outside rural areas

SMEs Ineligible for support

Large enterprises Ineligible for support

Eligibility criteria for applicants

1. Persons who, at the date of submission of the project proposal are:

- a) farmers may apply for a grant ;
- b) recognized producer groups or organizations or those approved for financial assistance under measure 9. "Establishment of producer groups and organizations" by RDP 2014-2020;
- c) sole proprietors and legal entities other than the candidates under item 1, b. "A" and 1, b. "B".

2. Applicants must be registered under the Commercial Act or the Cooperatives Act.

3. Farmers under item 1a at the date of submission of the project proposal must meet the following conditions:

- a) be registered as farmers in accordance with Ordinance No 3 of 1999 on the establishment and maintenance of a register of farmers (Official Journal № 10 of 1999);
- (b) the minimum standard production volume of their farm is not less than the lev/BGN/ equivalent of EUR 8000.

4. The minimum standard production volume of the agricultural holding under item 3, b. "B" shall be evidenced by a model declaration in accordance with Annex No 3 for the calculation of the minimum standard production volume of the holding during the current marketing year at the time of application and:

- (a) registration of the land cultivated by the applicant and the animals in the Integrated Administration and Control System (IACS); or
- b) a document for ownership or use of land or orders under Art. 37c, paragraph 4, 10 and 12 of the Law on Ownership and Use of Agricultural Land, which is involved in its calculation; or
- c) the questionnaire forms of the farmer / questionnaire issued by the farmer in accordance with Ordinance No 3 of 1999 on the establishment and maintenance of a register of farmers.

5. The land cultivated by the applicant, which participates in the calculation of the minimum standard production volume of the agricultural holding, shall not contradict the provision of Art. 33b of the Farmers Support Act.

6. For the sole traders who are not registered as farmers under the order of Ordinance No 3 of 1999 on the establishment and maintenance of a register of farmers, the circumstances under item 1, b shall be recognized. "A", item 3 and item 4 as individuals.

7. For sole proprietorships which are not registered or registered in the current or the year preceding the year of application, as farmers under the order of Ordinance No 3 of 1999 on the establishment and maintenance of a register of farmers, acknowledge also the circumstances under item 1, b. "A", item 3 and item 4 of the natural person who is the sole owner of the capital.

Eligibility criteria for applicants

1. According to Art. 25, paragraph 2 of the Law on the Management of the Funds of the European Structural and Investment Funds may not participate in the selection procedure and no financial assistance shall be granted to persons for whom circumstances exist for exclusion from participation in a procurement procedure according to Art. 54 of the Public Procurement Act or who have not complied with an order of the European Commission to recover the unlawful and incompatible state aid granted to them. Applicants are required to declare that they do not fall into any of the categories referred to in Art. 25, paragraph 2 of ZUSESIF and Art. 7 of Decree No.162 / 2016 (Annex No. 4). Potential applicants cannot participate in the project selection procedure and receive a grant if:

1.1. have been convicted by a judgment which has the force of res judicata, unless rehabilitated, for a crime under Art. 108a, Art. 159a - 159g, Art. 172, Art. 192a, Art. 194 - 217, Art. 219 - 252, Art. 253 - 260, Art. 301 - 307, Art. 321, 321a and Art. 352 - 353f of the Penal Code;

1.2. have been convicted by a judgment which has the force of res judicata, unless rehabilitated, for an offense similar to those referred to in paragraph 1 in another Member State or a third country;

1.3. have tax obligations and compulsory social security contributions within the meaning of Art. 162, paragraph 2, item 1 of the Tax and Social Insurance Procedure Code and the interest thereon, to the state or to the metropolitan municipality or to the municipality at the seat of the applicant, or similar obligations established by an act of a competent authority, in accordance with the legislation of the country in which the applicant is established, unless deferred, deferred or secured obligations are admitted or the obligation is by an act that has not entered into force;

1.4. there is inequality in the cases under Art. 44, paragraph 5 of the Public Procurement Act;

1.5. it has been established that:

(a) they have produced a false document relating to the verification of the lack of grounds for the removal or fulfillment of the selection criteria;

(b) have not provided the information required in order to verify the lack of grounds for the

removal or fulfillment of the eligibility or selection criteria;

1.6. has been established by a penal decree or court decision that, in the execution of a public procurement contract, they have violated Art. 118, Art. 128, Art. 245 and Art. 301 - 305 of the Labor Code or similar obligations established by an act of a competent authority under the law of the country in which the applicants are established;

1.7. there is a conflict of interest that cannot be resolved;

1.8. have been declared bankrupt or in bankruptcy proceedings or in liquidation proceedings, or have concluded an out-of-court agreement with their creditors within the meaning of Art. 740 of the Commerce Act, or have ceased their activities and, in the case of the applicant being a foreign person, find themselves in a similar situation arising from a similar procedure under the law of the State in which they are established;

1.9. have failed to comply with an order from the European Commission to recover the unlawful and incompatible State aid granted to them;

1.10. the persons representing the applicant, the members of the management and supervisory bodies and of other persons empowered to exercise control in the decision-making process of those bodies:

1.10.1 have been in employment or employment relationship in the RA or MA - within one year of termination of the relationship;

1.10.2. are related persons within the meaning of § 1, item 1 of the additional provisions of the Law on Prevention and Establishment of Conflict of Interests with a person holding a public position in the MA of RDP 2014 - 2020 or in the RA, which participated in the approval of a project proposal or when processing a request for payment under the concluded administrative contract for the provision of financial assistance;

1.10.3. is a person who falls within the cases under Art. 21 or 22 of the Conflict of Interest Prevention and Establishment Act;

2. The grounds referred to in 1.1, 1.2 and 1.7 also apply to the persons representing the participant or the candidate, the members of the management and supervisory bodies and to other persons having the power to exercise control in decision-making by those bodies.

3. Item 1.3 shall not apply where the amount of unpaid taxes or social security contributions is no more than 1 percent of the amount of annual total turnover for the last completed financial year. Prior to the conclusion of the administrative contract, the declared circumstances shall be proved and verified by the RA regarding the same:

a) with official documents issued by the respective competent authorities for the circumstances for which such documents are issued, in compliance with the requirements of Art. 2, paragraph 1 of the Law on Electronic Governance.

(b) with declarations, for all other circumstances that have not been declared at a previous stage, or where a change has already occurred in the circumstances already declared.

4. No financial assistance shall be provided for projects involving investments for the processing of agricultural products into non-agricultural products other than Annex I to the Treaty or cotton for applicants falling into any of the categories defined in Art. 1 (5) and (6) of Regulation (EU) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agriculture and forestry and rural sectors compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union and repealing Commission Regulation (EU) No 1857/2006 (OJ L 193, 1 July 2014), hereinafter referred to as 'Regulation (EU) No 702/2014.

5. With the exception of Article 30, this Regulation shall not apply to:

(a) aid schemes which do not explicitly exclude the payment of individual aid in favor of an undertaking subject to an outstanding recovery order following a previous Commission decision, declaring the aid illegal and incompatible with the internal market;

(b) ad hoc aid in favor of an undertaking subject to an outstanding recovery order following a previous Commission decision declaring an aid unlawful and incompatible with the internal market.

6. This Regulation shall not apply to aid to undertakings in difficulty with the exception of:

(a) aid for the elimination and compensation of damage caused by natural disasters in accordance with Article 30, aid for the eradication of animal diseases in accordance with Article 26 (8), and aid for the elimination and destruction of dead animals in accordance with Article 27 (1) (c), (d) and (e);

(b) aid for the following events, provided that the enterprise has become an enterprise in difficulty as a result of the losses or damage caused by the event in question:

(i) aid to compensate for losses caused by a climatic event that could be equated with a natural disaster in accordance with Article 25;

(ii) aid for the costs of eradicating plant pests and repairing and compensating for damage caused by animal diseases and plant pests, in accordance with Article 26 (8) and (9);

(iii) aid to repair forest damage from fires, natural disasters, adverse climatic events that can be equated with natural disasters, other adverse climatic events, plant pests, catastrophic events and climate change events, in accordance with Article 34 (5) (d).

7. No advantage shall be given, and the advantage shall be revoked when it is established that the aid applicant or its members have artificially created the conditions after 1 January 2014 necessary to obtain that advantage contrary to the objectives of European law and the Bulgarian legislation in the field of agriculture.

8. The financial assistance shall not be granted to applicants / beneficiaries of the assistance who are not independent enterprises within the meaning of Art. 4, para. 2 of the Small and Medium-Sized Enterprises Act, which were found to have been incorporated or transformed after 1 January 2014 in order to obtain an advantage contrary to the purpose of the sub-measure under the RDP 2014 - 2020, including for the purpose of obtaining financial aid in excess of the maximum amounts specified in these guidelines.

Eligible activities

1. By sub-measure 4.2. "Investments in processing / marketing of agricultural products" support projects that lead to improvement of the overall performance of the enterprise by:
 - a) introduction of new and /or modernization of the existing capacities and improving the use and / or
 - b) implementation of new products, processes and technologies, and / or
 - d) reduction of the cost of production, and / or
 - e) compliance with newly introduced EU standards, and / or
 - f) improved cooperation with raw material producers, and / or
 - g) preserving the environment, including the reduction of harmful emissions and waste, and / or
 - h) improving energy efficiency in enterprises, and / or
 - i) improving the safety and hygiene conditions of production and labor, and / or
 - j) improving the quality and safety of food and their traceability, and / or
 - k) improving the possibilities of organic food production by processing primary agricultural organic products.
2. Financial assistance shall be granted for investments in the following selected productive sectors related to the processing / marketing of agricultural products:
 - (a) milk and milk products, including poultry eggs, with the exception of the production, processing and / or marketing of products, resembling / replacing milk and milk products;
 - (b) meat and meat products;
 - (c) fruits and vegetables, including mushrooms;
 - (d) bee honey and bee products, with the exception of the production, processing and / or marketing of products resembling / replacing bee honey and bee products;
 - (e) cereals, mills and starches, with the exception of the production, processing and / or marketing of bread and pastry;
 - (f) vegetable and animal oils and fats, with the exception of the production, processing and / or marketing of olive oil;
 - (g) **industrial and medical crops, including oil rose, herbs and cotton**, with the exception of the production, processing and / or marketing of tobacco and tobacco, sugar and confectionery;
 - (h) prepared feeding stuffs for farm animals (feed);
 - (i) grape must, wine and vinegar.
3. Financial assistance shall be granted for investments and for the production of energy through the processing of primary and secondary biomass of plant and animal products, with the exception

of biomass of fishery products, subject to the requirements of points 25-33 of Section 13.2 activity eligibility 'and provided that the energy will be used for own consumption related to the activities falling under some of the sectors referred to in item 2.

4. The products of the eligible sectors for processing and / or marketing of which are applied for must be described in Annex I to Art. 38 of the Treaty on the Functioning of the European Union, here-inafter referred to as "Annex I to the Treaty", set out in Annex 5 to these Conditions of Application.

5. The conformity of the projects with the sectors is determined on the basis of the agricultural products for which processing and / or marketing is applied for, as well as the final products obtained.

Eligibility conditions for the activities

1. No financial assistance shall be granted for projects involving investments that do not comply with the provisions of the Environmental Protection Act, the Biodiversity Act or / and the Water Act.

2. No financial assistance shall be granted for projects involving investments in the processing of agricultural products into non-agricultural products other than Annex I to the Treaty or cotton for projects which:

- (a) are submitted by applicants for large enterprises, or
- (b) are not made on the territory of rural areas according to Annex 1 to these Conditions of Application.

3. Projects submitted by recognized producer groups or organizations or those approved for financial assistance under measure 9 "Establishment of producer groups and organizations" of the RDP 2014 - 2020 must be directly related to the main agricultural activity of each member and with the primary for the group / organization.

4. No financial assistance shall be granted if the applicant has received public financial assistance from the national budget or from the budget of the European Union for the same investment costs.

5. In order to be eligible, applicants shall submit a business plan in accordance with Annex No 6, which shall contain a detailed description of the planned investments and activities for a 5-year period and, in the case of investments for the execution of construction works, a 10-year period.

6. The business plan must show the improvement of the activity of the applicant's farm or farm or of the members of the producer groups or organizations by implementing the planned investments and activities and achieving one or more of the sub-objectives and in accordance with the principles of sound financial management, publicity and transparency.

7. The business plan must demonstrate the economic viability of the project and the farm or the enterprise for a period of 5 years, and in the case of projects involving investments in construction works for a period of 10 years, the achievement of the indicators set out in Annex No 6 to the measure's application pack.
8. An integrated project business plan must demonstrate that its implementation leads to better financial results from the applicant's business than if the operations or activities are performed individually, and the performance of the integrated project business plan must not exceed less than 10 percent of indicators according to Annex 6.
9. The business plan presented by the producer group / organization must demonstrate the improvement of the members' farms and the group / organization's core business by implementing the planned investments and activities and achieving one or more sub-objectives, and show that investments and activities benefit the whole producer group / organization.
10. The planned amount of production produced by the applicant must cover at least 50% of the processing plant's capacity for the technological project support activity.
11. The minimum production output is calculated arithmetically over the monitoring period.
12. The applicant must prove the presence of at least 50% of the raw material base provided by types of basic agricultural raw materials according to the production program for the first forecast year of implementation of the business plan, and in the case of projects with declared priority under item 1, letter "d "Of Section 15" Eligible audiences "- for the monitoring period.
13. At least 30 percent of the total raw material base specified in the production program for the first forecast year after the commissioning of the investments included in the project must come from own production and / or from registered farmers.
14. In the case of providing a raw material base under item 12 of slaughterhouses, the raw material must be accompanied by proof of origin from registered farmers.
15. Applicants with investments in the production of pelleted feed must demonstrate 100% of the finished product's realization for the entire period of implementation of the business plan.
16. The projects shall be executed on the property - the property of the applicant, and when the property is not the property of the applicant, documents for the established right of construction on the property for a period of not less than 6 years for applicants micro, small or medium enterprises and 8 years for applicants of large enterprises from the date of submission of the project proposal, when a temporary right of construction was established - in the case of applying for construction costs for the construction of new construction, upgrading and / or

construction existing building for which a building permit is required under the Spatial Planning Act.

17. The projects are executed on the property - the property of the applicant, and when the property is not the property of the applicant, the projects shall be accompanied by a document for use of the property for a period of not less than 6 years for the applicants micro, small or medium-sized enterprises and 8 years for applicants of large enterprises as of the date of submission of the project proposal - in the case of applying for the costs of:
(a) the purchase and / or installation of new machinery, equipment and facilities necessary to improve the production and / or renovation of buildings; and / or premises for which no building permit is required under the Spatial Planning Act;
b) construction works outside the cases under item 16.

18. The document referred to in item 17 (a) is not required when applying for support for the purchase of specialized vehicles and mobile processing facilities that:

- (a) are not permanently attached to land, buildings or premises;
- (b) because of their nature or purpose, they are not used indoors.

19. the project, including costs for construction works shall apply:
a) capturing facility / equipment and / or architectural plan of the building, structure, facility, which will be built, repaired or updated when the envisaged construction no approved investment project is required under the Spatial Planning Act;
b) approved investment project, made in the phase "Technical project" or "Work design (working drawings and details)" in accordance with the requirements of the Spatial Planning Act and Ordinance No. 4 of 2001 on the scope and content of investment projects (promulgated in the Official Journal, issue № 51 of 2001; amend., issue 85 and 96 of 2009, issue 93 and 102 of 2014 and issue 13 of 2015);
c) detailed quantitative accounts for the envisaged construction works, certified by an authorized person;
d) a building permit when its issuance is required under the Spatial Planning Act;
e) the opinion of the chief architect that the construction does not require the issuance of a building permit when its issuance is not required under the Spatial Planning Act.

20. Projects involving the costs of movable objects shall be accompanied by a placement permit issued in accordance with the Spatial Planning Act. Permission to place is also required in the case of submitted project proposals for mobile processing facilities for the processing of products listed in Annex I to the Treaty on the Functioning of the EU into products other than Annex I to the same contract, indicating that the facility will be located on the territory of a rural municipality from the Rural List - Annex No. 1 to these guidelines.

21. For projects involving only declared aid costs for the purchase and / or installation of new machinery, equipment and facilities needed to improve production for which an indoor project is

required under the technological design, the applicant shall provide a title or document proving the legal basis for use for at least 6 years from the date of submission of the project proposal, the buildings or premises where they will be installed or installed and for a period of 8 years - for applicants EMI enterprises.

22. The projects shall be accompanied by a technological design, a scheme and a description of the technological process and a description of the annual capacity of the processing enterprise by types of production set out in the production and commercial program of the business plan.

23. Project activities and investments for which a license, permit and / or registration is required to carry out the activity / investment under Bulgarian law shall be supported only if the relevant licenses, permits and / or document certifying the registration are presented.

24. Financial support is also provided for investments in the production of energy from renewable energy sources.

25. Investments under item 24, including projects with investments for the production of electricity and / or thermal energy or energy for cooling and / or production of biofuels and bioliquids, shall be supported if they are for own consumption and do not exceed the necessary amount of energy to cover the needs of the enterprise. The capacity of the installations must not exceed 1 MW.

26. In the case of combined heat and power production, the capacity of the installation must correspond to the useful heat required for the activities of the undertaking.

27. In the production of electricity from biomass, installations must produce at least 10 per cent of heat.

28. Investment projects for the production of biofuels and bio liquids shall be supported provided they meet the sustainability criteria set out in Art. 37 - 40 of the Renewable Energy Act.

29. Bioenergy used, including biofuels, raw materials for cereals and other starch-rich crops, sugars and oilseeds and raw materials used for feed, shall not exceed 20 per cent of the total raw materials used for such production. .

30. The condition under item 29 does not apply to waste products from crops not used for feed.

31. The project proposal shall be accompanied by an analysis certifying the fulfillment of the conditions of items 25-30 prepared and agreed by a competent person with competence in the relevant field.

32. In the production of bioenergy, the applicant must demonstrate the availability of raw materials for the period of implementation of the business plan.

33. Financial assistance for the conversion of products of Annex I to the Treaty into products other than Annex I of the Treaty or cotton shall be granted in accordance with the requirements of Regulation (EU) No 702/2014.

34. Applicants for financial aid whose investments fall within the scope of Regulation (EU) No 702/2014 shall provide a declaration of the amount of State aid received in the form set out in Annex

35. For the application for assistance submitted prior to the announcement of this admission, for which the applicants request a transfer request, the activities and expenses incurred after the submission of the application for assistance and expenses under Art. 30, para. 1, item 11 of Ordinance No. 20 of 27.10.2015 on implementation of sub-measure 4.2. "Investments in processing / marketing of agricultural products" from measure 4. "Investments in tangible assets" of the Rural Development Program for the period 2014 - 2020 (SG, issue 84/2015) if made no earlier than January 1, 2014. Expenditures for construction works performed after submitting the application for support and before submitting the request for transfer are eligible if they have been incurred after the on-site visit under Art. 36, para. 2 of Ordinance No. 20 of 27.10.2015 on the implementation of sub-measure 4.

36. The following shall not be supported as a separate project or activity:

- (a) demolition of old buildings and production facilities;
- (b) investments in intangible assets;
- (c) marketing of the product (s) only, except where the project is for a producer market and / or where those products are the result of processing of agricultural products by the applicant.
- (d) the purchase of specialized vehicles.

37. Collective investment projects under this selection procedure are eligible for support only if they are submitted by recognized producer groups / organizations.

Inadmissible activities

1. Expenditure included in the operational programs of applicants - fruit and vegetable producer organizations in accordance with Ordinance No. 11 of 2007 on the conditions and procedure for recognition of fruit and vegetable producer organizations and their associations and the conditions and procedure for approval and amendment of the approved operational programs (promulgated, SG 42/2007);

2. Activities eligible for assistance under Art. 1 of Ordinance No. 2 of 2014 on the Terms and Conditions for Granting Financial Assistance under the National Program for Support to the Wine Sector for the Period 2014 - 2018 (promulgated, Pfficial Journal No. 34/2014; amend. ., Issues 60 and 89 of 2014) for the production of wine products under Annex No. 1 of the Wine and Spirits Act;

3. Activities related to the production and storage of olive oil and table olives;
4. Activities, assisted under Art. 6 of Council Regulation (EC) No 1952/2005 of 23 November 2005 on the common organization of the market in hops and repealing Regulations (EEC) No 1696/71, (EEC) No 1037/72, (EEC) No 879/73 and (EEC) 1981/82 (OJ L 314, 30 November 2005);
5. Activities related to the processing and / or marketing of fish and fishery products;
6. Where the rules of the Common Organization of the EU Agricultural Markets or direct support schemes financed by the European Agricultural Fund for Agricultural Guarantee impose restrictions on production or EU support at the level of individual farmer or individual holding, investment which would increase production beyond these limits are not supported;
7. No financial assistance shall be granted for projects involving investments which do not comply with European and national legislation.

Eligible costs

1. Construction, acquisition and modernization of buildings and other real estate related to production and / or marketing, including those used to protect environmental components;
2. Purchase, including through financial leasing, of new machinery, equipment and equipment necessary to improve the manufacturing process of processing and marketing, as well as their installation;
3. Purchase of land necessary for the implementation of the project in connection with the construction and / or modernization of buildings, premises and other immovable tangible assets intended for production activities;
4. Purchase of buildings, premises and other real estate necessary for the implementation of the project intended for production activities in the territory of a rural area according to Annex No 1;
5. The purchase, including through financial leasing, of specialized vehicles, including refrigerated ones, for the transportation of raw materials or finished goods used and manufactured by the enterprise;
6. Construction / upgrading, including equipment of applicant-owned laboratories located within the enterprise and directly related to the needs of the production process, including through financial leasing;
7. Tangible investments to achieve compliance with newly adopted Union standards in accordance with Annex 8, including through financial leasing;

8. Costs of complying with internationally recognized standards for management systems, costs of introducing good manufacturing practices, quality management systems and preparation for certification in enterprises only when these costs are part of the applicant's overall project;
9. Purchase of software related to the applicant's processing activity, including through financial leasing;
10. For know-how, acquisition of patent rights and licenses, registration of trademarks and processes necessary for the preparation and implementation of the project;
11. Costs related to the project, incl. costs of feasibility studies, fees, fees for architects, engineers and consultants, cost-effectiveness consultancy for projects carried out both during the preparation of the project and during its implementation, which may not exceed 12 percent of the total eligible project costs included in items 1 - 10.

Sub-measure 6.1 "Start-up aid for young farmers"

Sub-measure 6.1 "Start-up aid for young farmers" of measure 6 "Farm and enterprise development" of the Rural Development Program 2014-2020.

Aims of the sub-measure:

Projects that contribute to the objectives of sub-measure 6.1 "Starting aid for young farmers" are supported, including:

- facilitating and supporting the process of setting up viable and sustainable farms or taking over existing farms from young people;
- promotion of employment.

Who can apply for sub-measure 6.1?

Eligible candidates are:

- individuals;
- sole traders (sole proprietors) and sole proprietors limited liability companies (EOODs) registered under the Commercial Law.

What are the eligible activities for support?

Sub-measure 6.1 "Start-up aid for young farmers" is not investment, ie. it is not linked to direct financing of investment costs, but is aimed at supporting the process of creating viable and sustainable farms or taking over existing holdings from young people, as well as promoting employment and job creation.

How much is financial support?

The total amount of financial assistance per applicant is no more than the BGN equivalent of EUR 25,000, divided into two payments as follows:

- first payment in the amount of BGN 12,500 equivalent - to be made after the conclusion of the financial assistance contract;
- second payment in the amount of BGN 12 500 equivalent - it is made when after verification the PA determines the exact implementation of the business plan.

The applicant himself determines the end date of the business plan verification period.

The business plan must prove:

- the viability of the farm;
- increasing the economic size of the holding from its original size by at least BGN 4,000, as measured in the SPO, at the latest by the end of the period specified in the business plan for verifying its implementation.
- the business plan must show that the applicant will maintain a farm size of at least EUR 8000 as measured in the CSP for the period from the date of application for support until the planned increase.
- the business plan must contain an explicit description of the periods of the relevant marketing year in which the applicant plans to plant / sow the crops throughout its implementation period, as well as information on the minimum number of plants per unit area for fruit, vineyards, perennial essential oil crops (including oil rose, lavender and peppermint), nurseries and nurseries for permanent crops and ornamental crops.
- the activities and / or investments in tangible and intangible assets included in the business plan must be relevant to the particular activity of the holding.
- the business plan must include at least one investment in tangible and / or intangible assets.

Who will receive priority when applying?

Priority is given to:

- projects of applicants who have completed secondary or tertiary education in the fields of agriculture, veterinary medicine and / or economic education with agricultural focus;
- projects involving activities carried out in the livestock and / or fruit and vegetables sectors;
- projects of applicants whose holdings are in the process of conversion to organic production or have switched to organic production;
- projects that create jobs and jobs.

Compliance with the selection criteria shall be assessed at the date of submission of the aid application, in accordance with the application and the documents annexed thereto.

Sub-measure 6.3 "Starting aid for the development of small farms"

Sub-measure 6.3 "Start-up aid for the development of small farms" of measure 6 "Development of farms and enterprises" of the Rural Development Program 2014-2020.

Aims of the sub-measure:

- the economic development and strengthening of small farms as sustainable and viable units;
- accelerating the modernization and technological upgrading of small farms;
- improving environmental protection and combating climate change.

Who can apply for sub-measure 6.3?

- individuals over the age of 18;
- sole traders (sole proprietors), sole proprietors limited liability companies (Ltd.) or limited liability companies (Ltd.) registered under the Commercial Law;
- cooperatives registered under the Cooperatives Act.

What are the eligible activities for support?

The financial support is free of charge and is provided for the sustainable development and growth of small farms.

No financial assistance is provided for activities related to tobacco production. No financial assistance is granted to farms that continue to grow tobacco after the end of the marketing year in which the grant agreement was concluded.

How much is financial support?

The total amount of financial assistance per applicant is no more than the BGN equivalent of EUR 15,000. The financial assistance shall be granted for a maximum period of five years and provided that the business plan submitted to the application for aid has been correctly implemented.

The aid is paid in two stages:

1. first payment in the amount of BGN 10 000 equivalent - after the conclusion of the financial assistance contract;
2. second payment in the amount of BGN 5,000 - when the correct implementation of the business plan is established after the verification.

The deadline for implementation of the business plan is set out in the contract for the provision of financial assistance in accordance with the end date of the verification period set in the business plan.

Who will receive priority when applying?

Priority will be given to projects by farmers who:

- at the time of application for support they have registered holdings and kept animals or grow crops in the fruit and vegetables sector and / or the essential oils sector according to a list of names of animal and plant species. This list include **MEDICAL AND AROMATIC CULTURES: Annuals:** Anise, coriander, caraway, savory, valerian - a biennial culture, basil, white thorn (silibum), chamomile, marjoram, tatul, black merudia, etc. **Perennial:** Oilseed rose,

lavender, mint, marshmallow, oregano, echinacea, yellow poppy, winter green, hyssop, thyme, medical rose, wormwood, pyrethrum, Rosemary, salvia, famous, rosehip, etc.

- own holdings which have switched to organic production of agricultural products and foodstuffs within the meaning of Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labeling of organic products and repealing Regulation (EEC) 2092/91 (OJ L 189/1 of 20 July 2007) (Regulation (EC) No 834/2007);
- own an agricultural holding located entirely in a mountainous area in accordance with the Ordinance on defining the criteria for disadvantaged areas and their territorial scope, adopted by Decree No 30 of 2008 (SG, issue 20 of 2008).

5. Bridges Loan against Subsidy

The bridges loan against subsidy is provided by the **Micro Financing Institution (MFI) JOBS EAD**, created in 2010 as a part of the group of the Bulgarian Development Bank. Its main purpose is to facilitate the access to financing of the micro and small businesses, agricultural producers, freelancers, craftsmen and others who develop or start new business on the territory of the country. Through MFI JOBS EAD using effective models and practices in the area of microfinance we create conditions for successful development of the micro business.

The main purpose is a long term providing of financial services to the micro and small enterprises. In this way MFI JOBS EAD improves their access to financial services, contributes to the creating and retaining of workplaces, reduces their “exclusion” from the market of financial services and helps the target groups to develop their own business ideas.



Product Description

Investment loan

- Long-term loan to finance approved investment costs under a contract with the State Fund for Agriculture (SFA).
- A prerequisite is the existence of a contract with the State Securities Fund under an approved project for the provision of grants.

Bridge credit for VAT payment

- Provision of a credit line for payment of VAT under the project financed under item 1.

Target group

- New and existing MFI Jobs clients eligible for lending, farmers - natural persons registered as farmers, legal entities, sole traders, cooperatives cultivating agricultural land (own or leased).
- Financing of companies / farmers with no financial and business history is allowed, provided that solvency third parties (FL and / or YU) are met under the requested financing, who meet the requirements of the MFIs and will jointly guarantee the loan servicing.

Size

Investment loan

- Up to BGN 300.000 / (their equivalent in EUR) and subject to the following condition:
- Up to 90% of the value of the investment project excluding VAT.
- Minimum amount of self-participation - 10% of the value of the investment project excluding VAT.
- It is permissible for the client's self-participation to be less than 10% (respectively, the loan amount is greater than 90% of the investment amount), provided that additional collateral of essential importance for the client is provided (sole or basic production base, personal property in which the client lives, etc.), providing a coverage of the credit exposure (investment loan and VAT credit) of at least 150%.

Bridge credit for VAT payment

- Up to 90% of the VAT due on the approved expenses, according to the contract concluded between the borrower and the State Tax Fund and the applicable tax legislation.

Currency

BGN, EUR

Adoption

Delivery time

Investment loan

- Negotiable, but not more than 12 months from the date of the loan agreement.
In the case of financing the purchase of FTA, the absorption deadline corresponds to the delivery and testing deadline (if any) and commissioning.
- In the course of construction, acquisition and improvement of real estate, the term may not be longer than the term according to the project timetable provided.

Bridge credit for VAT payment

- Negotiable, but not exceeding the term of the investment loan.

Method of absorption

Investment loan

- Once or in parts.
- Cashless on the account of the borrower at the Bank.



6. The Leaders in Agriculture Program

It is an initiative of the **America for Bulgaria Foundation (ABF)** that offers short-term experiential training in the United States for Bulgarian farmers, managers, technical specialists, researchers, university professors, and agricultural administrators. During the program, participants will meet with agriculture practitioners, participate in field observations and

industry visits, and attend university courses, seminars, conferences, and expos.

Since the launch of the program in 2016, 52 agricultural professionals have been trained in the fields of dairy, beef, raspberries and grain processing. The fellows have visited the States of Texas, Wisconsin, Iowa, Washington and Oregon.

In September 2019, nine agriculture professionals, selected competitively, will travel to the states of Oregon and California to take part in a training program on the topic of tree nut production and processing.



EUROPEAN FUND FOR SOUTHEAST EUROPE

7. European Fund for Southeast Europe

• MSE Finance

In line with the Fund's mission, the EFSE DF strongly focuses on measures to improve the micro and small enterprise (MSE) financing capabilities of partner institutions and to assist them in targeting MSE clients with responsible and appropriate products and services in a sustainable manner. Typical individual technical assistance projects involve, for instance:

- Setting up a dedicated MSE division at the head office level, including the development of a long-term strategy, organizational structure, policies, and marketing and sales tools;
- Structuring MSE lending activities at the branch level, including loan officer training;

Product development, sales training and risk management.

• Agricultural Finance

Agricultural and rural finance presents a clear development and economic growth opportunity in the Fund's partner countries. The sector frequently employs a considerable share of the population, yet financing and investment remain difficult. The Development Facility seeks to address this challenge in several ways, for example:

- Supporting its partner institutions to develop products and services targeted at agricultural and rural clients which meet their needs, where appropriate use technology to improve client proximity, improvement of lending processes and technologies, and providing clear assessments of opportunities in the sector for PLIs which include the whole value chain.
- Conducting studies to assess the gaps and opportunities in the sector
- Organizing technical workshops, trainings and exposure visits.

Developing an educational brochure on agri-financial services targets rural SMEs to inform and guide them with regard to financial services offered.

GEORGIA



Photo credit: VEDA

INTRODUCTION

In recent years, the Government of Georgia has started implementing several important projects in the sphere of agricultural sector development. These projects are implemented with the support of international donor organizations and active involvement of the private sector. The strategic vision of the development of the agriculture sector is clearly defined in The Strategy for Agricultural Development in Georgia 2015-2020. The vision is to create an environment that will increase competitiveness in the agro-food sector, promote a stable growth of high quality agricultural production, ensure food safety and security, and eliminate rural poverty through the sustainable development of agriculture and rural areas.

Important projects were carried out in the direction of water supply of agricultural lands, In addition, the projects supporting development of viticulture, hazelnut, Georgian tea and bee-keeping fields are in progress. The agricultural cooperative reform was quite successful. More than 1200 agricultural cooperatives have been already established in Georgia. In 2015, a new phytosanitary laboratory was established. The laboratory meets the relevant international standards, which makes Georgia more competitive on the international market. It should be highlighted that the efficient operations of R & D Center of Agriculture are one of the necessary pre-conditions to maximally use the existing potential, increase crop yields, and scientifically solve problems.

1. Institutions Under the Ministry of Agriculture of Georgia Supporting Tea Industry:

LEPL Nation Food Agency

Food safety is recognized as a priority under state control. Therefore, being responsible for local and imported food control the agency strives to protect consumer rights, addresses health and wellbeing of all citizens, prevents and controls food poisoning, mass poisonings, epidemic and pandemic diseases which are regarded as major directions of the agency. www.nfa.gov.ge

LEPL Scientific Research Center of Agriculture

The overall goal of the center is to support the agricultural sector to maximize its potential including growth of agro production. the center aims to identify, analyze and develop possible solutions of the problems on the scientific level, introduces modern, innovative technologies and methodologies, provides risk assessment approaches in the fields of food safety, veterinary and plant protection which is based on the best practices and scientific experience. www.scra.gov.ge

LEPL Agricultural Cooperative Development Agency

the goal of the agency is to support the establishment and development of business-oriented farmers' groups. the agency is responsible for obtaining and terminating the status of an agricultural cooperative as well as promoting ,monitoring of their activities and implementing state programs. www.aacda.gov.ge

LEPL Laboratory of Ministry of Agriculture

laboratory of Ministry of Agriculture use iso 17025 to implement a quality system, thereby research activities carried out at the laboratory address the internationally-recognized standards of quality. www.lma.gov.ge

Georgian Amelioration Ltd

Melioration sector suffered from a lack of investments over the last decades, in consequence, land cultivation was hindered and the large area of farm land became unsuitable for crop growing or any kinds of land use. Funding support through state budget has been implemented since the end of 2012. Currently the rehabilitation works for amelioration infrastructure is underway throughout the country. www.melioracia.ge

NNLE Agricultural Projects Management Agency

in order to promote agriculture sector, the agency implements the following projects:

small farmers spring Works support programme

preferential Agro credit project

Co-financing of Agro Processing and Storage enterprises

Agro insurance

plant the future .
Tea rehabilitation project
www.apma.ge

2. Governmental Assistance Projects

The Ministry of Agriculture implements a number of assistance projects aimed at farmers, the beneficiaries of which can be both producers and entrepreneurs engaged in food production. The assistance is mainly carried out by the Ministry of Agriculture and is implemented by the Agriculture Projects Management Agency and the Agricultural Cooperative Development Agency.

▪ Plant The Future

The project "Plant the Future" is initiated by the Ministry of Environment Protection and Agriculture and is implemented by the Agricultural Projects' Management Agency under the "United Agropject" with the state budget.

Co-financing will be carried out in two separate components of the program:

a) The component of co-financing perennial gardens (hereinafter referred to as 'gardens' component');

b) Co-financing component of the nursery gardens (hereinafter referred to as 'nursery gardens' component');

Potential beneficiaries of the program can benefit accordingly with the terms and conditions of both components.

The Goals of the Project:

1. Cultivation of Georgia's agricultural land with the purpose of effective use for planting perennial crops. With the result of replacement imported products and the increasing export potential, the process of improving quality of the production of raw material base processing industry will be increased and the social/economic conditions of the rural area population will improve.
2. Support of the local, high-quality, phytosanitary clean planting material (seedlings) production, which will make possible for individuals interested in creating modern, intensive cultivated gardens, offer cheap, local materials for planting compare to imported ones. Thus, will stimulate Georgia's new gardens and fruit-growing sector quantitative and qualitative improvement.

Nursery Gardens Component

Co-financing component of the nursery gardens includes provision of financial and technical assistance to the beneficiaries who are willing to make nursery gardens.

Under the nursery gardens' component arrangement of perennial nursery gardens may be co-financed in all municipalities and self-governing cities of Georgia, except for the following self-governing cities: Tbilisi, Rustavi, Kutaisi, Batumi and Poti.

Financial assistance:

Within the scope of the "nursery gardens" component, the financial assistance includes allocation of targeted funds for potential beneficiaries in a form of co-financing for the cultivation of new or existed nursery gardens. Co-financing is 50% of the total project cost, not more than **150 000 GEL** per beneficiary. The remaining cost of project of nursery gardens may be financed through own capital as well as through the bank loan.

Technical Assistance:

In order to provide the knowledge required for the maintenance of the nursery gardens the beneficiaries, who will be granted financial assistance will also be trained in the following issues:

- a) plant propagation technologies;
- b) sapling certification principles.

Participation in the training is the obligation of the beneficiary and is included in the agreement concluded with beneficiary.

Limitations:

1. The target beneficiaries for the nursery gardens' component are the persons interested in planting various nursery gardens.

The beneficiary can be a Georgia-based enterprise or an individual entrepreneur.

The enterprise, in which the state directly or indirectly owns shares or stocks, may not be the beneficiary of the "nursery gardens' component".

2. For obtaining financial and technical assistance determined under the gardens' component:

- a) a beneficiary must not have any debts with the LEPL "Revenue Service".
- b) In case of open ground technology, a beneficiary must own an agricultural plot of land that is registered in the National Agency of Public Registry with one cadastral code as his/her property, or must have obtained an agricultural plot of land under a long-term leasing from the state (the remaining period of the leasing must be at least **10 years** and the leasing agreement must be registered with the National Agency of Public Registry).

2.1. The requirement on the leasing relationship with the state determined by paragraph (b) of this article shall not apply, if in case of participation of the Patriarchate of Georgia in the project it establishes the enterprise(s) and gives it a plot of land in ownership or under a long-term leasing (the remaining period of the leasing must be at least **10 years**).

3. The beneficiary or the person responsible for the proper operation of the nursery garden must have appropriate qualification;
4. The capacity of the planned nursery gardens must not be less than **50 000 various species of saplings per year**.
5. The plot of land, which is intended for the nursery gardens, must not be under lien.
6. The plot of land, which is intended for the nursery gardens, must be cultivated and suitable for the gardening.
7. The plot of land must be supplied from a permanent water source that means existence of the lake, river or river channel within maximum **500 meters** from the external perimeter of the land, or the existence of a well or a borehole on the territory of the plot of land.
8. The plot of land, which is intended for the nursery gardens, must be fenced as required or its fencing must be planned. If the plot of land is not fenced the fencing will be the precondition for obtaining a co-financing tranche.
9. The maximum amount of funding allocated for one beneficiary must not exceed **150 000 GEL**.
10. Funds for co-financing Nursery Gardens component can be used only for the following purposes.
 - a. purchasing virus-free seedlings;
 - b. purchasing intensive virus-free seedlings;
 - c. purchasing mobile laboratory equipment;
 - d. installation of modern irrigation system.
 - e. Arranging Greenhouse structures
 - f. Arrangement of storage refrigerates for seedlings
 - g. The purchase of special equipment for agricultural needs (The list of special equipment for co-financing is defined by the agency along with LEPL "Agricultural Scientific and Research Center")

Preconditions:

Co-financing will be implemented based on a detailed project submitted by a potential beneficiary, which should be drawn up in accordance with "Plant the Future" programme [guidelines/questionnaire](#)

For obtaining financing beneficiaries must submit the following documents:

- a) a filled in application form;
- b) an extract from the Register of Entrepreneurs (in case of legal persons);
- c) a copy of the ID card of the director/an authorized person;

d) a notice from the Revenue Service on the absence of the debts;

In case of plant cultivation/seeding at open ground:

1. Certificate issued by LEPL "Agricultural Scientific and Research Center" on perennial Cultures' nursery settlement feasibility and compliance (in case when plant is cultivated at open ground);
2. Certificate approving the land ownership (a record from civil register and cadastral map) (in case when plant is cultivated based on the open ground technology);
3. Certificate on land processing/cultivation that is to be issued by the appropriate Municipality territorial body of the Ministry of Agriculture of Georgia;
4. Investment plan's provisions of purchase invoices/agreements concluded, specifying the Nursery garden project that has been submitted by the beneficiary to the Agency;
5. Document certifying the co-financing availability provided under the Nursery garden project submitted by the beneficiary to the Agency;
6. Beneficiary's Bank details;

The above-mentioned documentation shall be introduced by the beneficiary within the different stages of statement/project development/processing, according to the detailed procedures evaluated by the Agency.

Stages:

You should apply to a laboratory to take soil samples and carry out their laboratory analysis. You can apply to the following laboratories:

1. Soil and food diagnostic centre "Anaseuli"

Address: №9, Metsniereba str., Anaseuli, Ozurgeti;

Tel: 790-65-11-15; E-mail: zonaluri@mail.ru

2. Multitest – a chemical laboratory of food and fossils testing

Address: №13, Didgori str., village Dighomi, Tbilisi

Tel: 214 48 48; E-mail: multitest@wanex.net

3. Public and University Laboratory Centre of the Agrarian University of Georgia

Address: №240, David Aghmashenebeli Ave, Tbilisi

Tel: 591 67 68 58; 577 11 20 6; E-mail: t.urushadze@agruni.edu.ge

A laboratory employee will take samples on site and make their laboratory analysis **(the list of necessary analysis to be made):**

Then submit an application (specifying the list of the plants to be planted in the garden) and the results of the laboratory analysis of the soil samples to the LEPL "Agricultural Scientific-Research Centre" for certifying compliance of the plot of land with the plants to be planted ([the application form may be downloaded here](#));

On the basis of the laboratory results the LEPL "Agricultural Scientific-Research Centre" will determine compliance of the plot of land with the plants to be planted, and issues a notice on the compliance or non-compliance of the plot of land with the plants to be planted;

Then apply to the agricultural information and consultation centre of your municipality for certification of cultivation of the plot of land ([the application form may be downloaded here](#));
A representative of the agricultural information and consultation centre will visit the plot of land and check the compliance of cultivation of the land and its water supply source with the criteria according to the established methodology (the cultivation criteria of the plot of land);
In case of the compliance with the criteria the centre will issue a notice on the cultivation and water supply source of the plot of land;

Fill in the standard application form ([the application form](#));

Submit the filled in application and the attached documents to the Agency ([the list of the documents to be submitted](#));

Remark: it is mandatory that at the stage of application presentation the documents should be presented provided under the Provisions 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th from application list.

If the application presented together with enclosed documentation is in compliance with the conditions defined under the program, you shall receive the letter relating to the allowance of an application on the following stage.

After the application's allowance to the following stage you should present the Project (Business-plan) elaborated in accordance of [questionnaire](#) implemented by the Agency (the questionnaire) and an enclosed documentation the preparation of dates, terms and conditions of which shall be specified at the letter concerning the allowance of the application on the following stage.

Remark: it is mandatory that at the Project presentation stage should be introduced the documents provided under the documentation list of 9th, 10th and 11th Provisions.

The Agency shall revise the Project and in case of its confirmation/refusal you shall receive the appropriate letter.

In case of receipt of the project confirmation letter, the agreement shall be drawn-up regarding the co-financing issuance.

As of today, within the framework of the project there are functioning 87 nursery gardens and 28 drip irrigation systems.

▪ **Preferential Agro Credit Project**

Preferential Agro Credit Project has been initiated by the Ministry of Environment Protection and Agriculture of Georgia and has been implemented by the Agricultural Projects Management Agency since 27 March 2013 within the frame of "United Agro project".

The purpose of the project is to improve the processes of primary agricultural production, processing, storage and sale by providing the legal and natural entities with cheap, affordable long-term and preferential funds.

Within the frame of the project, the enterprises engaged in the processes of primary agricultural production, processing and storage will receive the preferential agrocredit/agroleasing from the financial institutions for fixed and current assets.

The loan shall be granted only to the individuals meeting the terms and conditions of the project. Within the frame of Preferential Agrocredit Project, agrocredits shall be granted by the [commercial banks and financial institutions](#) involved in the project, in compliance with the terms and conditions set by the Agricultural Projects Management Agency. **Agricultural Projects Management Agency shall not participate in credit application processing and credit granting activities.**

The 'Preferential Agrocredit' project consists of the following financial products:

1. The 'Preferential Agrocredit' project - [For current assets;](#)
2. The 'Preferential Agrocredit' project - [For fixed assets;](#)
3. [Preferential Agro Leasing;](#)
4. [The state programme 'Produce in Georgia'.](#)

Preferential Agro credit for Fixed Assets

1. Under the component of 'Preferential Agro credit for Fixed Assets' the Agency shall provide the secondary collateral and co-finance the loan interests, allocated by the financial institutions for the fixed assets of the enterprises producing and processing agricultural products.
2. The Agency shall co-finance the loan interest on the basis of the co-financing agreement concluded with beneficiaries.
3. At any stage of implementation of the project the Agency carries out the monitoring of the loans and appropriately responds to the facts of violation.
4. This component is available to the following individuals:

4.1. An individual who is a citizen of Georgia - in case of the loans in the amount from **20 000 GEL** to **75 000 GEL**;

4.2. A sole proprietor registered according to the laws of Georgia;

4.3. A legal person registered according to the laws of Georgia (except the state/municipal enterprises).

5. Under the component of "Preferential Agrocredit for Fixed Assets" loans will be given for financing new agricultural enterprises and extension, modernization and/or repairing of the existing ones for the following purpose(s):

5.1. Processing enterprises:

5.1.1. Meat, fish and milk processing;

5.1.2. Production of alcoholic beverages (other than the grape processing enterprises);

5.1.3. Tea production and/or packaging;

5.1.4. Fruit, vegetable and berry processing;

5.1.5. Walnut and nut processing;

5.1.6. Wool, leather and fur processing;

5.1.7. Production of vegetable oils (oil, margarine, butter) and "khalva";

5.1.8. Tobacco production;

5.1.9. Production of essential oils and spices;

5.1.10. Arranging slaughterhouses;

5.1.11. Processing of bee products;

5.1.12. Production of agricultural feed for animals, birds and fish;

5.2. Infrastructural enterprises:

5.2.1. Warehouses for storing of agricultural products;

5.2.2. Grain dryers;

5.2.3. Coolers for storing of agricultural products;

5.2.4. Production of packaging materials for agricultural products;

5.2.5. Production of oak barrels for alcoholic beverages;

5.2.6. Production of wine clay barrels ("Kvevri");

5.3. Primary agricultural enterprises:

5.3.1. Animal farm (in case of cattle, livestock and small animals the loan shall be granted only if the farm criteria are fulfilled which will be elaborated by the Agency together with LEPL "Agricultural Scientific-Research Center" and will be placed on the Agency's website: <http://apma.ge/rules>);

5.3.2. Poultry farm (in case of the poultry farm the loan shall be granted only if the farm criteria are fulfilled which will be elaborated by the Agency together with LEPL "Agricultural Scientific-Research Center" and will be placed on the Agency's website: <http://apma.ge/rules>);

5.3.3. Poultry breeding farm;

5.3.4. Farms for animals with valuable fur;

5.3.5. Greenhouses and other protected ground enterprises;

- 5.3.6. Fish production;
 - 5.3.7. Production of bee products;
6. The following agricultural activities may be also financed:
- 6.1. Arrangement and maintenance of the existing facilities, greenhouses, fish tanks and ponds;
 - 6.2. Arrangement and maintenance of new facilities, greenhouses, fish tanks and ponds;
 - 6.3. Purchasing, installing and repairing technological lines, climate control equipment and tools, freezing devices, power generators, milking equipment, feed preparation equipment and others;
 - 6.4. Purchasing, installing and repairing storage chambers, shelves, tanks and other technological equipment for storage;
 - 6.5. Making water wells and connection to water, electricity and natural gas supply pipelines and sewerage system;
 - 6.6. Production of the following packaging materials:
 - 6.6.1. Wooden, cardboard and plastic boxes for storing and transporting fruit and berries;
 - 6.6.2. Glass and clay bottles, corks for alcoholic beverages;
 - 6.6.3. Aseptic and plastic containers and lids made of glass, tin and cardboard for the products produced by conservation and processing enterprises;
 - 6.7. Purchasing and repairing special equipment and trailers (loaders, manure carriers, feed selecting and supplying equipment and others) required for the operation of the enterprise;
 - 6.8. Purchasing of only specified breeds of dairy/beef breed and/or combined (dairy/beef breed) high-productive cattle - breeding heifer and/or heifers with calf without giving birth, both through import and on the local market (the list of the breeds of cattle and purchase procedure shall be determined by the Agency together with LEPL "Agricultural Scientific-Research Center" to be placed on the Agency's website <http://apma.ge/rules>). Purchase of high-productive cattle in Georgia may be made only from the specified breeding farms. The list of such breeding farms shall be determined by LEPL "Agricultural Scientific-Research Center".
 - 6.10. Planting, caring for and restoring perennial plants, including:
 - 6.10.6. Tea, bay leaf and other technical cultures;
 - 6.11. Arranging seedling and plant nurseries (other than the Rkatsiteli grape variety);
 - 6.12. Arranging the irrigation and drainage systems (other than the Rkatsiteli grape variety);
 - 6.13. Arranging and repairing the supporting systems (wire, columns) and protecting net for the perennial plants (other than the Rkatsiteli grape variety);
 - 6.14. Arranging and repairing the fence for the agricultural facility (columns, wire, barbed wire, wire net, electric fence) (other than the Rkatsiteli grape variety);
 - 6.15. Purchasing various inventories for livestock and plant-growing.
7. It is prohibited to finance the following business activities:
- 7.1. Purchase of land;
 - 7.2. Purchasing of agricultural facilities, greenhouses and others;

7.3. Purchasing and repairing transporting, flying and sailing equipment (Except agricultural machinery);

7.4. Building, repairing and equipping only the offices;

7.5. Purchasing of the shares in agricultural enterprise.

8. The enterprises financed under the project of co-financing may also be financed under this component of Preferential Agrocredit for Fixed Assets.

9. The amount of the Preferential Agrocredits allocated for the enterprises financed under the "Co-financing Project" (including parallel loans), the proportions and purpose of financing of current and fixed assets (including the purposes that are not determined or banned under this article) and the time frames for granting the tranches, shall be determined by the "Project of Co-financing".

10. The enterprises, that will process local raw materials and use local human resources, shall be financed under this component, namely the Preferential Agrocredit for Fixed Assets. The projects that are intended for processing only imported raw materials and for using non-local human resources may not be financed.

11. It is allowed to restructure the loan if as a result of restructuring the total amount of co-financing to be paid by the agency does not exceed the total remaining amount of co-financing under the loan payment schedule on the date of loan restructuring.

12. In the component of basic means Paragraph 12 shall be amended and written:

The refinancing of the loan issued within the component is allowed if:

a) The loan was approved before February 15, 2017 and issued for the purposes envisaged in Paragraphs 5 and 6;

b) The loan was issued after February 15, 2017 and the amount of a new loan does not exceed the amount of the remaining principal loan of the initial loan by the date of loan refinancing. Furthermore, refinancing of such a loan is allowed only if the refinancing does not extend the remaining term of co-financing intended for the initial loan and the total volume of co-financing of the remaining fees to the Agency.

13. It is allowed to refinance the loan by the sole proprietor taken before registration as sole proprietor.

14. Parallel loans may be allocated if the sum of the parallel loans does not exceed the established maximum limit determined per beneficiary under this component of the Preferential Agrocredit for Fixed Assets, and the amount of each parallel loan is more than the minimum limit amount.

15. Total amount under the Preferential Agrocredit for Fixed Assets shall be determined from **20 000 GEL** through **1 500 000 GEL**. The term of the loan shall be defined on the basis of the agreement to be concluded between the beneficiary and financial institution granting the credit.

16. The interest rate of the credit shall be determined according to its amount. The following interest rates must be determined by the financial institutions: The interest rate of the credit may be fixed or floating:

16.1. In case of fixed interest rate, the following annual interest rates shall be established by the credit institution:

Volume of the loan	Interest rate
From 20 000 GEL to 150 000 GEL inclusive	not more than 16%
From 150 001 GEL to 600 000 GEL inclusive	not more than 15%
From 600 001 GEL to 1 500 000 GEL inclusive	not more than 14%

16.2. In case of floating (variable) interest rate, the following annual interest rates shall be established by the credit institution:

Volume of the loan	Interest rate
From 20 000 GEL to 150 000 GEL inclusive	Not more than the refinancing rate set by the National Bank plus 8%
From 150 001 GEL to 600 000 GEL inclusive	Not more than the refinancing rate set by the National Bank plus 7%
From 600 001 GEL to 1 500 000 GEL inclusive	Not more than the refinancing rate set by the National Bank plus 6%

17. Participation of the Agency:

17.1. The Agency shall co-finance not more than **66** months interest rates in parallel with the amount paid by the borrower (if any), in the amount of annual **11%** of the principal loan amount, not more than within **68** months upon granting of the loan or the first tranche thereof.

17.2. The Agency will provide secondary warranty (collateral) of not more than **50%** of the total principal amount of each new, non-refinanced loan within the purposes set forth in the paragraphs 5 and 6 of this Article, during the following **68** months upon granting the loan or its first tranche. The secondary collateral will apply only if the primary collateral is the property which is fully or partially financed by the loan amount. Secondary collateral will be provided to the financial institutions only if due to the failure of the borrower to fulfill his/her obligations, the financial institution sells the initial collateral and as a result does not receive **100%** of the remaining principal amount; in this case the Agency will pay the difference by not more than **50%** of the remaining principal amount available before sale of the initial collateral.

18. The commission fee determined by the financial institution for allocating credits must not exceed:

- 18.1. Up to 50 000 Gel – 0.5%;
18.2. 50 001 Gel or more – 0.2%.

19. In case of early payment of the debt, no preliminary payment commission fees/fine will be imposed to a borrower by a financial institution.

20. In case of failure to pay the amount determined by the schedule within the time frames specified in the schedule a financial institution may charge fines only to the payable principal amount. The fine must not exceed **0.1%** of the overdue amount for each overdue day.

21. In case of refinancing by other financial institutions the commission fee rate, determined by the National Bank of Georgia for such cases, shall apply.

22. The loan repayment schedule shall be determined under the agreement made between the beneficiary and financial institution providing the credit facility.

23. At any stage of implementation of the project the Agency shall monitor the loans issued within the component. The form and time of monitoring shall be determined by the Agency. If the violation of the terms and conditions and/or the purpose of the project is confirmed, the Agency shall act in accordance with the rules and the procedures provided for in the agreements concluded between the financial institutions and the beneficiaries that apply in the Agency.

24. Parallel loans may be allowed within the frame of the component or subcomponent. In case of availability of the current loans in different currencies, aggregate current balance of all loans according to the official currency exchange rate fixed by the National Bank shall not exceed **1 500 000 GEL** at the moment of approval of a new loan.

Sub-component for Agricultural Mechanization

1. In frames of the “Preferential agrocredit for fixed assets for mechanization of the agricultural-economic use of the sub-component of the component” the preferential agrocredit will be issued only for procurement of the equipment and/or implements of the agricultural-economic use.

2. Procurement of the implement in frames of the sub-component is allowed only in the case when the beneficiary has an equipment of agricultural-economic use in his registered ownership (that should be confirmed by a relevant documentation) or the purpose of the issued credit is joint procurement of the equipment and implements of agricultural-economic use.

3. In frames of the sub-component procurement of the equipment of agricultural-economic use is possible on the loan market (from the private entrepreneur and/or legal entity registered in Georgia) or by way of import.

4. Equipment of agricultural-economic use to be procured must be new (except for the equipment of agricultural-economic use to be procured from the Ltd. “Mekanizatori” (identification code 206348736)), particularly it must comply with the following two principles:

4.1. By the moment of procuring of the equipment of agricultural-economic use a guarantee issued by the manufacturing company must be applied on the stated equipment of agricultural-economic use (except for the equipment of agricultural-economic use to be procured from the Ltd. “Mekanizatori” (identification code 206348736));

4.2. The equipment of agricultural-economic use must be manufactured **3 calendar years** prior to its procurement (except for the equipment of agricultural-economic use to be procured from the Ltd. “Mekanizatori” (identification code 206348736)).

5. In frames of the sub-component the preferential agricultural credit may be used by the following entities:

5.1. Physical entities who are citizens of Georgian (from **7000** lari – to **75 000** lari);

5.2. Individual Entrepreneurs or legal entities who are registered in Georgia (in frames of a limit determined by the sub-component, in case of any amount).

6. In frames of the sub-component a preferential agricultural credit makes up from **7 000** lari – to **1 500 000** lari (inclusively).

7. In frames of the sub-component the Agency will provide co-financing of not more than **66 month** exchange rate of the credit in parallel with the amount paid by the Beneficiary, in the volume of annual **11%** of the general amount of the credit.

8. The interest rate of the credit is established proceeding from its volume. The interest rate of the credit may be fixed or floated:

8.1. In case of the fixed interest rate, the Credit Institute should establish the following annual interest rates:

Volume of the Credit	Interest Rate
From 7 000 lari - to 150 000 lari (inclusively)	Not more than 16%
From 150 001 lari - to 600 000 lari (inclusively)	Not more than 15%
From 600 001 lari - 1 500 000 lari (inclusively)	Not more than 14%

8.2. In case of the floating interest rate, the Financial Institute should establish the following annual interest rates:

Volume of the Credit	Interest Rate
From 7 000 lari - to 150 000 lari (inclusively)	Not more than added 8% to the refinancing rate established by the National Bank
From 150 001 lari - to 600 000 lari (inclusively)	Not more than added 7% to the refinancing rate established by the National Bank

From **600 001** lari - **1 500 000** lari (inclusively)

Not more than added 6% to the refinancing rate established by the National Bank

9. The equipment of agricultural-economic use procured with the credit issued in frames of the sub-component should be legally charged on behalf of the loan issuing financial institute for the purpose of guaranteeing of the credit within the whole period of co-financing of the Agency.

10. The equipment of agricultural-economic use procured with the credit issued in frames of the sub-component can't be alienated in the period of validation of the co-financing of the Agency.

11. In frames of the sub-component the beneficiary is not able to receive an amount of the credit in cash except for the cases when the amount of the credit is designed for procuring of the equipment and/or implement of agricultural-economic use by way of import. In this case, the beneficiary is liable to receive a money amount in cash only for the purpose of transportation and custom clearing of the commodity.

12. A commercial bank is obliged, in addition to the agreement on targeted co-financing concluded in scopes of the sub-component, to provide the Agency with a certificate of registration issued on behalf of the beneficiary in relation to the procured equipment of agricultural-economic use, bills of lading, invoices, guarantee cards and billings statements confirming payment of the cost of the equipment and/or implements of the agricultural-economic use. In addition to it, the guarantee cards and certificates on registration are not obligatory if the equipment of agricultural-economic use was procured by way of import.

13. The terms, which are not stipulated by this sub-paragraph, will be regulated under the rules of components of fixed assets.

Agro leasing

1. The component agro leasing serves the development of the agricultural products' added value generating infrastructure. Preferential agro leasing are benefited by the companies, involved in creation of the agricultural products (modern farms, greenhouse, etc.) or engaged in any form of processing of agricultural products (storage, packaging, recycling), or producing packaging materials for the agricultural products, as well as the companies, which have approved the state co-financing within scopes of the co-financing project.

2. The agro leasing component is financed from the component budget for the "Preferential Agro credit for Fixed Assets" (it does not apply to the agro leasing to be issued within scopes of the co-financing project).

3. The Agency shall provide with the co-financing of the lease payment part on the basis of the agreement with the lessee.

4. The Agency shall execute the contract with the leasing issuer and determines the leasing eligibility criteria, terms and conditions, which are to be met by the latter for the Agency's participation.
5. At any stage of the project the Agency shall carry out the monitoring of the preferential agro leasing beneficiary and render the relevant response to any violation.
6. Following persons shall be able to join the preferential agro leasing:
 - 6.1. Georgian citizen natural person;
 - 6.2. Individual entrepreneur registered in compliance with the legislation;
 - 6.3. Entrepreneur legal entity (except for the state/municipal enterprise) registered in compliance with the legislation;
7. In order to take advantage of the preferential agroleasing a potential beneficiary shall meet the preconditions of the issue of that type of leasing by a leasing issuer and the present project requirements.
8. This component shall be allocated for financing of the companies, which are focused on the processing of local raw materials and use the local labor resources. It is prohibited to fund the projects, which are intended only for processing of imported raw materials and use of non-local labor resources.
9. This component provides for financing the equipping new and existing agricultural companies with the equipment and machinery, including:
 - 9.1. **Processing plants:**
 - 9.1.3. Tea, bay leaf production and packing;
 - 9.2. **Infrastructural facilities:**
 - 9.2.1. Agricultural products storage warehouses;
 - 9.2.2. Grain dryers;
 - 9.2.3. Agricultural product storage refrigerators;
 - 9.2.4. Production of agricultural products packaging materials;
 - 9.2.5. Production of oak barrels for alcoholic beverage;
 - 9.2.6. Pitchers production for wine;
 - 9.3. **Primary agricultural companies:**
 - 9.3.1. Livestock farming;
 - 9.3.2. Poultry farm;
 - 9.3.3. Poultry incubation farms;
 - 9.3.4. Farm of animals with valuable fur;
 - 9.3.5. Greenhouses and other indoor ground production;
 - 9.3.6. Fish production;
 - 9.3.7. Beekeeping;
 - 9.3.8. Seedlings and nurseries;

9.3.9. Perennial crops orchards, vineyards and other plantations.

10. The leasing issuer can issue a preferential agroleasing for:

10.1. Importing of new and/or used equipment;

10.2. Purchase of new equipment of domestic or foreign production in Georgia;

10.3. Delivery of the used equipment and devices registered in the balance of the leasing issue to the leasing beneficiary, provided that the subject of leasing is not procured from a leasing issuer or its associated person;

11. No leasing of the following types below shall be allowed within the scopes of this component:

11.1. Land leasing;

11.2. Leasing of existing agricultural buildings;

11.3. Purchasing and repairing transporting, flying and sailing equipment (Except agricultural machinery);

11.4. Office space leasing;

12. Volume of an investment of a leasing issue per beneficiary shall be not less than **20 000 GEL** and not more than **1 500 000 GEL** (including the leasing issued within the scopes of the co-financing project); the leasing issue maximum term is not limited.

13. Within the scopes of the preferential agroleasing one project, one beneficiary is allowed to accept several agroleasing. In this case, the total investment of a leasing issuer shall be not less than **20 000 GEL** and not more than **1 500 000 GEL**;

14. Under the project, it is allowed the simultaneous co-financing of one beneficiary with a preferential agrocredit and a preferential agroleasing, provided that sum total of such leasing (s) and loan (s) must not exceed **1 500 000 GEL**.

15. Annual yield of the service provided for in the leasing value shall not exceed **21%** of the leasing issuer's investment.

16. The Agency's purposeful co-financing shall be **12%** of annual investments of the leasing issuer for **66 months**; this amount shall be paid by the Agency to the leasing beneficiary in accordance with the leasing value payment schedule provided for in the contract, after payment of the leasing value;

17. In case of earlier payment of the preferential agroleasing amount in whole or in part within **6 months** from the execution of a leasing contract the commission fee for such pre-payment and/or a penalty shall not be more than **4%** of the leasing value pre-paid, while after **6 months** from the day of execution of the leasing contract the above mentioned amount shall not be more than **2%** in case of pre-payment of a preferential agro-leasing in full or in part;

18. In case of earlier redemption of a subject of leasing by the leasing beneficiary the period for preliminary notifying the leasing issuer shall not be more than **30 calendar days**;

19. In case of failure to pay a leasing value by the leasing beneficiary within the term provided for in the schedule agreed under the contract the leasing issuer shall be entitled to accrue to the leasing beneficiary a penalty in the amount of not more than **0,1%** of the overdue leasing value per each day of delay. Payment of the leasing value shall be made by and between the leasing issuer and the leasing beneficiary in compliance with the rules agreed in this contract;

20. Within the scopes of the preferential agroleasing component, at any stage of the co-financed leasing contract the Agency shall be entitled to monitor the leasing issuer and the leasing beneficiary in order to clarify the fulfillment of the contract conditions by them. In case of reveal of any violation the Agency shall act on the basis of the contract duly executed with the parties;

21. Targeted co-investment in the amount of **12%** of annual interest accrued to the investment of the leasing issuer – in compliance with the criteria set forth by the Agency – shall be issued after signing the leasing contract by the leasing issuer and the leasing beneficiary and payment of the leasing value by the leasing beneficiary;

22. In case if a leasing issuer decides to review any of the leasing projects, it can apply to the Agency for the information whether the similar project is being discussed by any other financial institution or a leasing issuer; at the same time it has to notify the Agency about its project, while in case of issue of a leasing within the scopes of the co-financing project it shall be prohibited from issuing a leasing without the Agency's prior consent;

23. The Agency's target co-financing shall be terminated in case of occurrence of the following circumstances:

23.1. Full payment of the leasing value by the leasing beneficiary;

23.2. The leasing beneficiary's failure to comply with the obligations provided for in the contract and the project; the target co-financing shall be suspended in case of delay and it shall be terminated in case of the inquiry of the leasing subject by the leasing issuer;

23.3. In case of a leasing restructuring, if the restructuring results in expansion of the maximal term set forth by the Agency for the leasing and/or increase of the target co-financing amount;

23.4. The leasing issuer violates the requirements set forth by the Agency. In such case the Agency may charge a penalty to the leasing issuer and to claim compensation for the damages;

23.5. In case of issuing the agroleasing within the scopes of the co-financing project, the company changes its profile within **2 years** from operation of the company. Profile maintenance means complying with the company's plan envisaged by the relevant business plan;

23.6. Violation at issuing the leasing. In such case, the leasing issuer shall be charged with a penalty envisaged by the contract. In addition, the agency makes a decision on termination of financing in compliance with the rules and the procedures established by the Agency;

24. In case of issuing the leasing within the scopes of the co-financing project, for securing the Agency's claim to the leasing beneficiary the leasing issuer shall transfer the balance amount to the Agency after satisfaction of its claim.

25. In case if the leasing company violates contractual obligations/project terms the Agency – upon the prior written consent of the leasing company shall be entitled to proceed with the realization of the lease subject. To this end, the Agency is authorized to display the information on sale of the subject of leasing in its own (or contractor's) website and indicate the price priority agreed with the leasing company;

26. In case of issue of a leasing within the scopes of the co-financing project the grace period, shall be:

26.1. For the service annual interest amount - at least **12 months**, if the leasing issuer and leasing beneficiary do not agree otherwise;

26.2. For the principal amount of the agro-leasing - not less than **24 months**, if the leasing issuer and leasing beneficiary do not agree otherwise;

27. No calculation of the sum payable by the leasing issuer shall be allowed during the grace period provided for **in the clause 26 above** with capitalization rule;

28. In case of issue of a leasing within the scopes of the co-financing project the leasing issuer may additionally require from the leasing beneficiary to submit the security;

29. Parallel loans and/or agroleasing shall be allowed within the scopes of the component or a sub-component. In case of existence of current loan/agroleasing in various currencies the total current balance of all loans by the moment of approval of a new loan/leasing shall not exceed **1 500 000GEL** according to the official rate of the National Bank.

▪ **Produce in Georgia**

The programme 'Produce in Georgia' is implemented by the Ministry of Economy and Sustainable Development of Georgia and the Ministry of Environment Protection and Agriculture of Georgia.

Goals:

- Facilitating development of the industries focused on production;
- Facilitating establishment of new enterprises and extension/upgrade of the existing ones.

Agricultural part of the Program:

The enterprise financed under the state program must meet the following minimum requirements:

- The loan/leasing must be used only to establish a new enterprise or to extend/upgrade the existing ones;

- The enterprise must meet safety, environment protection, sanitary and food safety requirements determined by the legislation of Georgia;
- The facilities and the nearby territories of newly established or extended/upgraded enterprises must have aesthetic external appearance.

The loan/Leasing must be granted for the following purposes:

1. Financing the primary agricultural enterprises:

- high-technology greenhouses of vegetables, berries, herbs and mushrooms;
- high-technology and intensive animal farms (dairy farms);
- high-technology and intensive pig farms;
- high-technology and intensive poultry farms (only for meat and for breeding purposes);
- high-technology and intensive farms of animals with precious fur;
- high-technology and intensive fish farms;
- beekeeping production;
- production of seedlings and saplings;
- gardens, vineyards, plantations of perennial crops.

2. Financing the enterprises processing the agricultural products:

- processing fruits, berries, vegetables, mushrooms, citrus;
- processing nuts, walnuts, peanuts and other nut species;
- processing wool and leather;
- processing bay leaves, tea, tobacco;
- processing meat and milk;
- production of vegetable oil (oil, margarine, butter) and “Khalva”;
- production of essential oils and spices;
- arranging slaughterhouses;
- processing bee products;
- production of agricultural animal, bird and fish feed.

3. Financing infrastructural enterprises:

- warehouses for storing agricultural products;
- grain dryers;
- coolers for the preservation of agricultural products.

Within the scope of the programme the loan/leasing may not be given for the production of wine and alcoholic beverages made from processing grapes.

Loan/Lease conditions:

Under the programme the amount of one loan/lease must not be less than **1 500 000 Gel** and must not exceed **5 000 000 Gel**. In case of requesting more than **5 000 000 Gel** decision of allocating the funding will be made by the Government of Georgia.

The grace period of the granted loans/leasing on the principal amount is:

- For fixed assets – not less than **24 months**;
- For current assets – not less than **18 months**;

For the first 24 months, the following interest rates for the loan are provided for by the Program. As part of the Program, a commercial bank may issue a loan both with fixed and floating interest rates as follows:

- From **1 500 000 GEL** to **3 000 000 GEL** - Max. refinancing interest rate determined by the National Bank plus **6%** annually;
- From **3 000 000 GEL** to **5 000 000 GEL** - Max. refinancing interest rate determined by the National Bank plus **5%** annually.

*If a bank issued a loan with a fixed interest rate, the loan repayment schedule shall remain for the period determined for the fixed loan unless otherwise defined in this Agreement.

* If a bank issued a loan with a floating interest rate, the loan repayment schedule may be changed only in accordance with changes in the refinancing rate in the context of the interest rate for the beneficiary while all other values shall remain unchanged unless otherwise defined in this Agreement.

The Agency will provide for the interest rate co-financing at **10%** annual rate only for **24 months** from the date of loan issue.

An interest rate for leasing provided for by the Program shall be maximum **13%**.

The agency will co-finance the interest rate of the leasing for up to **24 months at 12%** annual rate.

The Agency will provide for the secondary security of **50%**, but not more than in the amount of **1 500 000 GEL** of the principal of the loans issued under the Program to new enterprises for **48 months** following the date of issue of the first tranche of the loan/lease. No secondary security shall be permitted for the issued leasing.

During the period when the Agency co-finances the interest rate or secures the loan/leasing, the Beneficiary shall be obliged to:

- Observe the purpose of the loan/leasing as defined in the investment project;
- Keep the profile of the financed enterprise;
- Fulfill the main indicators of the production plan defined in the Program;

Please see additional information on www.qartuli.ge

- **The program supporting young entrepreneurs in rural area “Young Entrepreneur”**

[The program supporting young entrepreneurs in rural area - Young Entrepreneur](#) is designed for young people being residents of Georgia and desiring to conduct a business activity in Georgia. The program is initiated by the Ministry of Environmental Protection and Agriculture

of Georgia and financed by donor-organizations of the LEPL “Agricultural Projects Management Agency”, Denmark International Development Agency (DANIDA).

Targets of the program

- Promoting of development of young entrepreneurs and their involving into business in rural area
- Enhancing of economic development and strengthening of the private sector in the regions
- Investing in the chain of production-sale of the agricultural products as a result of which socio-economic conditions of young entrepreneurs will be improved and new working places will be created

Tasks of the program

- Creation of models of financing adapted with young people which will enable them to start a business activity and to realize the own plans
- Rendering of an adequate technical support prior to starting of financing and in the process of financing to guarantee right formation of plans
- Post-financing support to overcome all challenges created in the process of implementation of plans

In frames of the “Young Entrepreneur” only charges necessary for starting of a new business will be financed. New business for purposes of this program are classified as follows:

- Commercial activity which is started by an entity (by the moment of submitting of an application to the Agency he has no active business)
- Commercial activity which is started by the entity in other Municipality
- Commercial activity which is started by the entity in other Municipality

Compliance criteria of the beneficiary:

- An individual entrepreneur who is registered according to the Georgian Law “About entrepreneurs” whose aged, by the moment of submitting of the application to the Agency, from 18 – to 35 (inclusively) years old in men, and from 18 – to 40 (inclusively) years old in women, and an agricultural cooperative registered in Georgia founders/ shareholders and chairmen/directors of which, by the moment of submitting of the application to the Agency, from 18 – to 35 (inclusively) years old in men, and from 18 – to 40 (inclusively) years old in women.
- Note: Potential beneficiary may, by the moment of submitting of the application, not to be registered as an individual entrepreneur:
 - **Note: Potential beneficiary may, by the moment of submitting of the application, not to be registered as an individual entrepreneur:**
 - Real estate in which the amount stipulated by the business plan should be invested must be owned by the beneficiary and registered in the LEPL “National Agency of the Public Registry” and/or received under lease (by the moment of concluding of the co-financing agreement, the

remained period of lease should be not less than 3 years. The leasing agreement must be registered in the LEPL “National Agency of Public Registry).

- The real estate designed for starting of the new business shouldn't be mortgaged and/or arrested (only a mortgage of the commercial banks registered in Georgia is possible)
- The beneficiary shouldn't have any tax indebtedness towards the budget

The program considers rendering of financial and technical support to the potential beneficiaries for starting of the new business consisting of three stages:

- Technical assistance prior to receiving of the co-financing
- Co-financing – financial assistance
- Technical assistance after receiving of the co-financing

Financial assistance

- In frames of the program agricultural, as well as non-agricultural activities will be financed (total co-financing assigned to the non-agricultural commercial activity must amount not more than 20% of the budget of co-financing determined by the program), having a fixed location
- Co-financing of the Agency makes up 40% of the investment cost of the project enlisted in the business plan, but not more than 60,000(sixty thousand)lari
- The investment cost of the project submitted by the potential beneficiary should make up not less than 10 000 (ten thousand) lari

Note:

- **Co-financing of the Agency may make up less than 40% in case if the investment cost of the project exceeds 150,000 (one hundred fifty thousand)lari**
- **Goods,works and services which are financed using the co-financed amount of the Agency must be released from the taxes stipulated by the applicable legislation of Georgia(the invoices/ agreements submitted by the potential beneficiary in frames of the program shouldn't include the taxes which are stipulated by the applicable legislation of Georgia.**

Technical assistance:

Before receiving co-financing

- **Consultation service**
 - Potential beneficiaries will receive a qualified consultation service in direction to developing of the business plan.
- **Assessment of production process**
 - In case of existence of the production process in the business plan, professional experts will make an assessment of a compliance of the submitted technological process and in case of failure in compliance will issue relevant recommendations in connection with management of the process as well as the projects submitted by the business plan

- **Financing of the Business plan cost**
- **The cost of the business plan is reimbursed from the program's budget**

After receiving co-financing

- **Upon approval of the submitted business plan, a qualified consultation company selected in frames of the program will assist to the beneficiary in successful implementation of the project, mainly in the following activities:**
 - **Collecting of the documents which are necessary for conclusion of the co-financing agreement;**
 - **Development of the plan of actions defined in time for implementation of the represented idea;**
 - **Registration of purposeful spending of money amounts scheduled in frames of the project and preparation of a relevant documentation;**
 - **Implementation of the registration program/system;**
 - **Conducting of trainings which are necessary for business management.**

Co-financing will be implemented in all Municipalities and self-governmental cities of Georgia, except for the following self-governmental cities:

- Tbilisi, Rustavi, Kutaisi, Poti, Batumi

- **Note: the restriction doesn't spread on the agricultural business direction of the Batumi Municipality.**

Goods, works and services which are financed using the co-financed amount of the Agency must be released from the taxes stipulated by the applicable legislation of Georgia (the invoices/ agreements submitted by the potential beneficiary in frames of the program shouldn't include the taxes which are stipulated by the applicable legislation of Georgia.

The following activities will not be financed in frames of the program:

- Production of alcoholic beverages(except for the activity stipulated by this business plan which determined not more than 20,000 bottles (15,000 liters) and tobacco.
- Gambling.
- Trading sites.
- Lombard services.
- Manufacturing of jewelry.
- Restaurants and canteens.
- Extreme sport and activities connected with it.
- Developing activity (including programming activity, software development).
- Electronic business.
- Transportation service.
- Construction service.
- Mining.
- Construction and/or repairs of living houses(except for the cases if this housed is used for tourism;).
- Cattle farms (except for the cases where co-financing is provided for procurement of highly productive stock and arranging of the farm which satisfies requirements of the Rule about species of cattle and their procurement stipulated by the "Preferential Agricultural Credit

Project” approved by the Decree #139 issued by the Government of Georgia on the 27th of January, 2014). „შეღავათიანი აგროკრედიტის პროექტის“ გათვალისწინებული პირუტყვის ჯიშებს და მათი შესყიდვის წესს).

- Purchase and/or updating existing greenhouse.
- Construction/ re-equipment of greenhouses.
- Construction of perennial gardens; (construction of vine, except for the Rkatsiteli grapes, is allowed).
- Primary production of one-year crops.
- Bee-farming.

Restrictions/ conditions which are stipulated by the investment plan:

- The scheduled expenditures necessary for the inventory required for administration of the planned activity and/or construction required for the business administration shouldn't exceed 5% of the total cost of the project. In addition to it, an amount of co-financing by the Agency will not be spent on financing of the inventory which is necessary for administration.
- Cost of floating assets in the submitted project shouldn't exceed 20% of the total cost of the submitted project and paying of expenses must be confirmed by issued bills of lading and/or invoices, and/or tax declaration, and/or delivery-acceptance deed. In addition to it, an amount of the co-financing of the Agency will be spent only for procurement of fixed assets.
- In frames of the submitted project, expenditures incurred for procurement/creation of fixed assets should be confirmed by issued bills of lading and/or invoices, and/or tax declaration, and/or delivery-acceptance deed (n case of the service) and/or the Form #2 (in case of construction).
- Spending of the amounts which are necessary for implementation of the project should be provided by means of cash/non-cash settlement that must be confirmed by the payment order/ cashier's check.
- The potential beneficiary will not receive a co-financing stipulated by the program if he owns a share/asset in the company providing delivery of goods/ services/ construction registered in Georgia for him in frames of the program.

The investment cost of the submitted project may include all expenditures except for the following expenditures:

- Designing(If applicable).
- Procurement of real estate (including land parcel).
- Designing service.
- Insurance,business trips,trainings and marketing.
- Alarm and video-audio surveillance(except for the fire-fighting systems).
- Certification and consulting.
- Coverage of credit and other debts
- Procurement of shares/assets of the enterprise.
- Procurement of agricultural equipment.
- Procurement of vehicles.

- Procurement of animals/ fowl(except for the cases stipulated for high-productive cattle stock).

The potential beneficiary, for the purpose of receiving of co-financing, should pass the following stages:

1. Registration of the web-site

The potential beneficiary is registered on the web-site www.danida.apma.ge

2. Completion of the application

The beneficiary completely fills in the electronic form([in case of a physical entity](#); [in case of an agricultural cooperative](#)).

3. Consideration of the application

The agency considers the application submitted by the potential beneficiary within 10 working days^b period

4. Development of a business plan

The preliminary selected qualified consultation company, in frames of the program, in cooperation with the beneficiary, will develop a business plan according to a preliminary agreed format

5. Submittal of a business plan and additional documentation

The potential beneficiary, in his own panel, provides loading of his business plan and [The potential beneficiary, in his own panel, provides loading of his business plan and additional documentation](#) upload

Note: Presentation of business plan and accompanying documents should be made within 3(three) months from the change of application status

6. Approval of the business plan The Agency provide consideration of the business plan and attached documentation and notifies the applicant about its resolution

7. Submittal of the documentation which is necessary for conclusion of the Agreement.

In case of approval of the business plan the potential beneficiary is obliged to submit the documentation [which is necessary for conclusion of the Agreement](#).

8. Conclusion of the agreement

▪ Program of Co-financing agricultural machinery

Start date of the Program of Co-financing agricultural machinery - 26.03.2019
(<http://arda.gov.ge/>)

Applications were accepted at the N(N)LP Agricultural Projects Management Agency from 28.03.2019 - 05.04.2019 inclusive.

Terms of the Program:

- The amount of co-financing by the Agency for one beneficiary is not more than 50% of the cost of agricultural equipment to be purchased, but not more than 150,000.
- Co-financing by the Agency may be less than 50%, if the value of the project submitted by the applicant exceeds 300,000 GEL.

The agricultural equipment to be purchased should be new (**not previously used**), in particular, should meet the following **2 requirements**:

- Agricultural equipment should be manufactured no more than 2 calendar years prior to purchase;
- At the time of the acquisition of agricultural equipment, the agricultural equipment must be subject to the warranty conditions;

The beneficiary of the program shall not have tax liabilities to the State Budget.

Program Beneficiary

A citizen of Georgia, a natural entity or an individual entrepreneur or a commercial legal entity (including agricultural cooperative) registered in accordance with the law of Georgia, in which the state does not own a share/interest.

The beneficiary of the program should be registered in the Registry kept within the Farms/Farmers Registration Project.

Restrictions:

- Agricultural equipment acquired within the program should not cross the border of Georgia **within 5 years** after acquisition;
- The beneficiary cannot sell/alienate the equipment purchased within the Program **within 5 years**;
- The beneficiary of the program shall pledge the agricultural equipment purchased within the program (which is identifiable and assigned the vehicle state number by LEPL Service Agency of the Ministry of Internal Affairs of Georgia) in favor of the Agency **for a term of 5 years**.
- The agricultural equipment acquired by the beneficiary in the framework of the Program shall be pledged in favor of the Agency **not later than within 4 months** after receiving the co-financing tranche.
- The Agency's pledge on the agricultural equipment purchased by the beneficiary may be of the second priority only if the source of the beneficiary's participation in the acquisition of the agricultural equipment is the credit issued by a financial institution and the financial institution is the first priority pledgee.
- The Agency will not pledge the agricultural equipment only if the source of beneficiary's participation in the acquisition of the agricultural equipment is leasing; at the same time if **within 5 years** after the issue of the tranche, the beneficiary succeeds to register the agricultural equipment from the leasing company in his/her/its own name, he/she/it shall pledge the equipment in favor of the Agency **for the remained period before the expiration of the 5-year term**.

Conflict of Interests

The potential beneficiary will not be co-financed under the Program if the potential beneficiary or its founder/owner/shareholder owns a share/interest in the company providing the agricultural equipment under the submitted invoice/contract.

Co-Financing Stages:

Submission of application and accompanying documents

- A potential beneficiary shall enter the Agency's website: www.apma.ge, select "Co-financing Program for Agricultural Equipment" and download the application form (see the Application Form, [Annex N1.1](#)) along with the list of accompanying documentation ([Annex N1.2](#)); the printed application form can also be obtained at the Agency Administrative Office and the Agricultural Information Consulting Centers in the regions;
- The application and accompanying documentation shall be submitted to the Agency Administrative Office (address: N(N)LP Agricultural Projects Management Agency, 10A S. Akhmeteli Street, Tbilisi).
- The Administrative Office will receive the application and the accompanying documentation only if all the listed documents are submitted along with the application ([Annex N1.2](#)) (**in case any document is lacking in the set of the submitted documentation, the Administrative Office will not retain any of the documents**);
- The Agency shall review the application and documentation submitted by the potential beneficiary. If the application and the accompanying documentation do not comply with the terms of the program, the application is rejected and the applicant is notified of the reason for refusal to the telephone number and/or email indicated in the application through the telephone hotline and/or email. In case of elimination of the defect the potential beneficiary is entitled to submit a new application and **take all necessary procedures anew**;
- The Agency will review the applications by sequence.

Co-Financing Agreement

- In case the application and accompanying documentation comply with the terms of the program, the co-financing agreement will be signed with the beneficiary, where the Beneficiary and Agency's obligations will be detailed ([see Annex N1.4](#)) ([Annex N1.4.1](#)) ([Annex N1.4.2](#));
- The information of drafting the agreement will be notified to the beneficiary by the telephone hotline and/or email to the telephone number and/or email indicated in the application. **The beneficiary is obliged to sign the agreement within 5 working days after receipt of the notification, otherwise the beneficiary will not be awarded the agreement and will have to take the procedures anew**;
- The co-financing agreement with the beneficiary will be concluded only if by the date of the signing of the agreement the relevant co-financing budget requested by the potential beneficiary is available.

Co-financing procedure

No later than 10 working days from signing the Co-Financing Agreement the beneficiary shall submit to the Agency's Administrative Office the application for co-financing or tranche thereof (see [Annex N1.5](#)) and accompanying documentation. In case the application for tranche is not filed in the aid term, **the co-financing agreement will be canceled and the beneficiary will have to take all the necessary procedures anew.**

Confirmation of purpose of co-financing spending

The beneficiary, in order to verify the fulfillment of the purpose provided by the program shall **within 3 months** after the receipt of co-financing of the program submit the expert/audit report in relation to the purposeful spending of the amounts (the beneficiary's participation and Agency's co-financing) and fulfillment of the purpose provided by the program that is made by a person listed in the register of LEPL Accounting, Reporting and Audit Supervision Service, where the methods of preparation of the report shall be described and accompanied with the copy(-ies) of the documentation confirming the spending used for preparation of the report.

Pledge agreement

The Agency will pledge the agricultural equipment acquired within the program (which is identifiable and assigned the vehicle state number issued by LEPL Service Agency of the Ministry of Internal Affairs) to ensure fulfillment of contractual obligations by the beneficiary **for a period of 5 years, within 4 months after receiving a co-financing tranche.**

3. Georgian Tea Plantation Rehabilitation Program

The state program for the restoration and rehabilitation of tea plantations, which has been going for four years already, at the initial stage provides co-financing for the beneficiaries in the amount of 70-90%, the lease of tea plantations in preferential prices, and at the later stage transfer of tea processing equipment for cooperatives without any charge.

The program "Georgian Tea", which is being run by the Project Management Agency of the Ministry of Environment Protection and Agriculture is implemented from 2016.

In the process of implementation are actively involved, Agricultural Research Centers' Tea and Subtropical Crops Research division and Diagnostic Center for Food and Soil after Adam Beridze ANASEULI Ltd. On the basis of the application of beneficiaries, specialists of the Scientific Research Center will inspect all the criteria of tea plantations that are responsible for the rehabilitation of tea plantations (level of sedimentation, lactation, breathe life, disease quality, melioration background). If the plantation meets the main criteria, the sampling takes place in the appropriate plots and studying soil quality characteristics (acidity, humus, food elements, physical properties) in an accredited laboratory. On the basis of the received data, the service specialists will implement the agro technological plan in the timeline of the works performed by the beneficiary and the beneficiary will be given a certificate and recommendation to submit to the Project Management Agency for restoration and rehabilitation of tea plantation. The responsibility of the Agricultural Research Center is to monitor agro technique works in tea rehabilitation plantations, based on which the beneficiary will be given a certificate from the state for co-financing.

Program Objectives

- Maximum use of Georgian tea potential and promotion of high-quality tea production, including production of bio (organic) tea. As a result, Raising self-sufficiency and export capacity.
- Privately owned as well as state owned abandoned tea plantations will be rehabilitated and tea primary processing modern enterprises will be established under this project.
- Increase Employment rate and improvement of socio-economic state of population.
- Promotion of modern Tea primary processing enterprises.

Conditions of the Program:

- Within the scope of this Program, the Agency shall provide co-financing of the rehabilitation works for the tea plantations owned by the Program beneficiary* and/or by the State.
- Program will finance rehabilitation works under the following conditions: In the amount of **60%** of the cost of the rehabilitation works for tea plantation(s) owned by the Program beneficiary (except for agricultural cooperatives), In the amount of **70%** of the cost of the rehabilitation works* for state-owned tea plantation(s)* received on lease by the Program beneficiary (except for agricultural cooperatives).
- Program will finance rehabilitation works under the following conditions: In the amount of **80%** of the cost of the rehabilitation works for tea plantation(s) owned by the agricultural cooperatives, In the amount of **90 %** of the cost of the rehabilitation works* for state-owned tea plantation(s).
- The Agency shall transfer the ownership of primary tea leaf processing machinery, equipment and inventory free of any charge to an agricultural cooperative.
- The rehabilitation cost shall not exceed **2 500 GEL** (including VAT) per one hectare. If the cost of the rehabilitation exceeds **2 500 GEL**, financing will be based on the the same amount per **1 ha**.
- Co-financing of the rehabilitation works will be carried out only in the company selected by the agency will be among the **companies performing rehabilitation works**.
- Tea plantation(s) owned by the Program beneficiary*(except for agricultural cooperatives) or selected by the Program beneficiary and to be received on lease from the State, which is(are) subject to rehabilitation, shall not be less than **5 ha** and more than **300 ha**;
- Program beneficiary (except for the agricultural cooperative has to obtain a time plan for the construction/expansion of tea leaf processing enterprise, but the agricultural cooperative has to obtain a time plan for the building construction/expansion.
- Agency will implement the program for beneficiaries in technical assistance in tea processing technology, certification, marketing, creating sales channels etc.

The list of works to be implemented for the rehabilitation of tea plantations in the frames of the Program:

- *clearing the tea plantation (of trees, metal and concrete debris, foreign objects);*
- *heavy and regeneratory pruning of the plantation;*

- *arrangement of drainage channel (a drainage channel may be arranged before the heavy or regeneratory pruning of the plantation);*
- *inter-row tillage/loosening (topsoil tillage to 15-20 cm depth);*
- *purchase of fertilizers and agricultural products (including bio) in the first year.*

Conditions of financing, legal entities (except for agricultural cooperatives)

Conditions of financing:

- Within the scope of this Program, the Agency shall provide co-financing of the rehabilitation works for the tea plantations owned by the Program beneficiary* and/or by the State but received on lease according to the terms of this Program under the following conditions:
 - In the amount of **60%** of the cost of the rehabilitation works for tea plantation(s) owned by the Program beneficiary (except for agricultural cooperatives);
 - In the amount of **70%** of the cost of the rehabilitation works* for state-owned tea plantation(s)* received on lease by the Program beneficiary (except for agricultural cooperatives).

Beneficiary selection criteria:

- Tea plantation(s) owned by the Program beneficiary*(except for agricultural cooperatives) or selected by the Program beneficiary and to be received on lease from the State, which is(are) subject to rehabilitation, shall not be less than **5 ha** and more than **300 ha**;
- The Program beneficiary shall have enough funds (in the case of rehabilitation of own tea plantation – no less than **40%** of the cost of the rehabilitation works; while in the case of state-owned tea plantation to be received on lease within the scope of the Program – no less than **30%**) to provide own co-financing of the cost of rehabilitation works; a notice from the bank on the existence of appropriate amount of money on the beneficiary's bank account;
- At the time of signing the Agreement on Co-financing, the Program beneficiary shall not have any tax liability and shall not be recorded in the debtors' registry;
- No mortgage, lien, usufruct, encumbrance or legal restriction shall be registered with regard to the tea plantation;
- The primary tea leaf processing plant of the capacity relevant to the rehabilitating tea plantation area/planned crops of green tea leaves shall be the ownership of the Program beneficiary. If the Program beneficiary does not have such plant in its ownership at the time of applying for co-financing, it shall submit a plan for building the plant at a stated time. The duration of building the plant shall not be more than **36 months** from the effective date of the Agreement on Co-financing*. The plant capacity shall be defined as follows:
 - the withering/fixation-withering machine performance of no less than **40 kg a day per ha** of the rehabilitating area;

- the amount and productivity of tea leaf rollers – the productivity of tea leaf rollers shall match the withering/fixation-withering machine performance, and the productivity of each roller shall not be more than **50 kg/h**;
- the drying machine performance relevant to the entire tea crops to be harvested from the rehabilitating tea plantation (**calculated per ha**).

Obligations

The Program beneficiary (except for agricultural cooperatives) shall be obliged to:

- ensure that the submitted agro-technological plan* is fulfilled within **36 months** from the effective date of the Agreement on Co-financing*;
- ensure that the tea leaf processing plant is built, put into operation and equipped (purchase and installation of devices) within **36 months** from the effective date of the Agreement on Co-financing* according to the following time schedule:
 - Submit the permit for tea leaf processing plant construction within no later than **12 months** from the effective date of the Agreement on Co-financing;
 - Submit the report on putting into operation the tea leaf processing plant building within no later than **24 months** from the effective date of the Agreement on Co-financing;
 - Ensure that the tea leaf processing plant is equipped (purchase and installation of devices) within no later than **36 months** from the effective date of the Agreement on Co-financing.
- Ensure that the Hazard Analysis and Critical Control Point (HACCP) is implemented at the plant within no later than **42 months** from the effective date of the Agreement on Co-financing, which shall be inspected by the LEPL "National Food Agency" (the NFA) or certified by the International Accredited Certifier with the selection of the Program beneficiary;
- If the Program beneficiary owns a tea leaf processing plant and it is not planned to build a new plant, a joint commission of the Agency and the LEPL "Agricultural Research Center" shall confirm that the existing tea leaf processing plant meets the criteria;
- During **2 years** following the **36 month** period from the effective date of the Agreement on Co-financing, ensure that the production plan is performed of no less than:
 - **500 kg finished products per ha (bulk tea)**;
 - **250 kg finished products per ha (bulk tea) if produced bio tea.**
- During the lease period of state-owned tea plantation (if any), ensure that tea is grown every year, in confirmation of which it shall submit a relevant report issued by the LEPL "Levan Samkharauli National Forensic Bureau" to LEPL "National Agency of State Property" once every **5 years**;
- To secure the performance of its obligations, mortgage its own rehabilitating tea plantation within the scope of the Program, in favour of the Agency, before receiving co-financing. If the Program Beneficiary fails to allocate the rehabilitating area from its own tea plantations within the scope of the Program (assignment of new cadastral number), the

entire area of the tea plantation owned by the Program beneficiary under one cadastral number shall be mortgaged.

Conditions of financing and beneficiary selection criteria

Conditions of financing:

Within the scope of this Program, the Agency shall provide co-financing of the rehabilitation works for the tea plantations owned by the Program beneficiary* and/or by the State but received on lease according to the terms of this Program under the following conditions:

- In the amount of **80%** of the cost of the rehabilitation works* for tea plantation(s) owned by an agricultural cooperative;
- In the amount of **90%** of the cost of the rehabilitation works* for state-owned tea plantation(s) received on lease by an agricultural cooperative.

Beneficiary selection criteria:

- Tea plantation(s) owned by an agricultural cooperative or received on lease from the State within the scope of the Program, which is(are) subject to rehabilitation, shall not be less than **5 ha** and more than **50 ha**;
- No less than **75%** (3/4) of agricultural cooperative members shall bring the tea plantations into the cooperative, each member bringing no less than **0.25 ha**;
- An agricultural cooperative shall have enough funds (in the case of rehabilitation of own tea plantation – no less than **20%** of the cost of the rehabilitation works; while in the case of state-owned tea plantation to be received on lease within the scope of the Program – no less than **10%**) to provide own co-financing of the rehabilitation works, which shall be evidenced by the bank statement on availability of funds on the account;
- An agricultural cooperative shall not have any tax liability and shall not be recorded in the debtors' registry;
- No mortgage, lien, usufruct, encumbrance or legal restriction shall be registered with regard to the tea plantation;
- When applying for co-financing, an agricultural cooperative shall submit a time schedule for the construction/purchase of the tea leaf processing plant building. The duration of construction/purchase shall not be more than **24 months** from the effective date of the Agreement on Co-financing*. If an agricultural cooperative owns the building, its area shall be no less than **70 m²**, where the primary tea leaf processing plant shall be arranged.

Obligations

An agricultural cooperative shall be obliged to:

- ensure that the submitted agro-technological plan* is fulfilled within **36 months** from the effective date of the Agreement on Co-financing*;

- ensure that the tea leaf processing plant is built and put into operation within **24 months** from the effective date of the Agreement on Co-financing according to the following time schedule:
 - Submit the permit for tea leaf processing plant construction within no later than **12 months** from the effective date of the Agreement on Co-financing;
 - Submit the report on putting into operation the tea leaf processing plant building within no later than **24 months** from the effective date of the Agreement on Co-financing.
- Within **24 months** after receiving the primary tea leaf processing machinery, equipment and inventory from the Agency, ensure that the presented production plan* is fulfilled every year.
- During the lease period of state-owned tea plantation* (if any), ensure that tea is grown every year, in confirmation of which it shall submit a relevant report issued by the LEPL "Levan Samkharauli National Forensic Bureau" to LEPL "National Agency of State Property" once every **5 years**;
- Before receiving the primary tea leaf processing machinery, equipment and inventory from the Agency free of charge, to secure its own obligations, mortgage its own agricultural land, on which the building/facility is placed;
- To secure the performance of its obligations, mortgage its own rehabilitating tea plantation within the scope of the Program, in favour of the Agency, before receiving co-financing. If the Program Beneficiary fails to allocate the rehabilitating area from its own tea plantations within the scope of the Program (assignment of new cadastral number), the entire area of the tea plantation owned by the Program beneficiary under one cadastral number shall be mortgaged.

Lease terms and conditions for state-owned tea plantations

- Within the scope of the Program*, the state-owned tea plantation* shall be granted on lease without an auction with the consent of the Government of Georgia.
- State-owned tea plantations may be granted on lease under the following conditions:
 - the lease term – **25 years**;
 - the annual cost of the lease – **50 GEL per ha**;
 - the cost of the lease may be reviewed in the fifteenth year after signing a lease agreement and then every **5 years**;
 - the right of lease may be conceded to any third person/ encumbered or granted on sublease under prior consent of the lessor and the Agency, provided that the new lessee fulfills the former lessee's obligations to the lessor and the Agency;
 - the area of state-owned tea plantation to be received on lease by an agricultural cooperative shall not be more than the area of tea plantation owned by the agricultural cooperative.
- To receive state-owned tea plantations on lease within the scope of the Program, a business entity* shall submit to LEPL "National Agency of State Property" the relevant application, the Conditional Agreement on Co-financing concluded with the Agency, and the unconditional and irrevocable bank guarantee issued by a commercial bank

for **10%** co-financing to be provided by the Agency to the business entity according to the terms of the Program.

- The bank guarantee to be submitted to LEPL "National Agency of State Property" shall be valid for no less than **68 months** after the Program beneficiary* files its application and shall cover the following requirements:
 - During the first **4 months** after its effective date, the bank guarantee shall ensure that a lease agreement is concluded if the Government of Georgia issues the relevant legal act.
 - If the Government of Georgia issues the relevant legal act, the bank guarantee shall ensure that the Program beneficiary fulfills the obligations under the Program (and pays the penalty imposed under the lease agreement for the default on obligation(s)).
- Unless the Government of Georgia issues the relevant legal act within **1 month** after a business entity files its application, the submitted bank guarantee shall be returned to the business entity.
- If the Government of Georgia adopts a legal act, the lease agreement shall be concluded within **3 months** after the Government of Georgia adopts the act.
- If the Government of Georgia issues the relevant legal act and a business entity fails to conclude the lease agreement within **3 months** after the Government of Georgia issues the relevant legal act, the amount of the bank guarantee submitted by the business entity shall be fully transferred to the State Budget.
- When submitting documents by the potential Program beneficiary for the same real estate, preference shall be given to the business entity who has earlier submitted the above documents to LEPL "National Agency of State Property".
- After the lease agreement is concluded within the term determined by the relevant legal act of the Government of Georgia, the relations related to the bank guarantee shall be regulated by the lease agreement and the legislation of Georgia.
- If the lessor terminates the lease agreement due to the default on obligations assumed by the lessee under the lease agreement, the funds paid and the costs incurred by the lessee shall not be refunded.

Stages of co-financing and documents to be submitted

The Agency co-financing procedure:

- The potential beneficiary shall select an agricultural land plot with tea plantation thereon.
Note - If the land plot has never been registered, the potential beneficiary shall submit the following land identification documents to the Agency: a notice of the land category and survey drawings (both in printed form and on disk); and thereafter, the Agency shall apply to the LEPL "National State Property Agency" for the land registration.
- If the agricultural land plot with rehabilitating tea plantation thereon is in the ownership of a potential beneficiary or the State, the potential beneficiary shall apply to Diagnostic Center for Food and Soil after Adam Beridze ANASEULI Ltd (form of application), and submit the land identification documents (extract(s) from the Public Registry) and the agro-technological plan.

- After it is established that the criteria under the Tea Plantation Rehabilitation Program are met/are not met, the Agricultural Research Center shall issue a relevant certificate.

- The potential beneficiary shall select the company implementing rehabilitation. The selected company shall study the condition of the tea plantation and make an estimate of rehabilitation works.

- The potential beneficiary shall download an application form and submit it to the Agency together with the following accompanying documents:

- An extract from the Public Registry on land/real estate together with the cadastral map, which evidences the title of a business entity to tea plantation, or if it is desired to receive state-owned tea plantation on lease, identification information about the state-owned tea plantation (land (real estate) cadastral code). Furthermore, the extract from the Public Registry must confirm that no mortgage, lien, usufruct, encumbrance or legal restriction is registered with regard to the land plot

- A certificate issued by the laboratory on tea plantation rehabilitation advisability and compliance of the presented agro-technological plan with the required rehabilitation works;

- An agro-technological plan for tea plantation rehabilitation calculated for no less than 36 months from the effective date of the Agreement on Co-financing;

- In the case of legal entities, except for agricultural cooperatives, a time plan for the construction/expansion of tea leaf processing plant which shall not exceed 36 months from the effective date of the Agreement on Co-financing;

- In the case of agricultural cooperatives, a time plan for the construction/expansion of tea leaf processing plant building, which shall not exceed 24 months from the effective date of the Agreement on Co-financing;

- A production plan calculated for no less than 24 months; the starting date of the production plan shall be determined after no later than 36 months expire from the effective date of the Agreement on Co-financing;

- An estimate/invoice/agreement drafted by the company implementing rehabilitation works, which shall include a list of works to be done and the cost including all taxes applicable in Georgia;

- Documents evidencing the amount of co-financing, it is going to pay – bank statement on the availability of funds on the account;

- founding documents necessary to conclude the Agreement on Co-financing;

- a tax authority certificate of indebtedness.

- The Agency shall review the documents submitted by the potential beneficiary. If the documents comply with the terms and conditions of the Program, the Agency shall determine liabilities, define together with the potential beneficiary the document of structuring the Agency's co-financing and ensure that the Agreement on Co-financing or the Conditional Agreement on Co-financing is concluded with the beneficiary.

Note: A Conditional Agreement on Co-financing shall be concluded when the beneficiary plans to receive on lease any state-owned tea plantation within the scope of the Program. The condition shall be deemed fulfilled from the effective date of the Agreement.

The procedure for receiving land plot on lease:

- The potential beneficiary shall submit to the Property Agency the relevant application for granting the land plot on lease, the Conditional Agreement on Co-financing concluded with the Agency and the bank guarantee for 10% co-financing to be provided by LEPL "National Agency of State Property" to the business entity within the scope of the Program.
- LEPL "National Agency of State Property" shall review the documents submitted, and if it decides to involve a business entity in the land plot project, the Property Agency shall submit a draft resolution to the Government of Georgia within one month.
- Based on a legal act of the Government of Georgia, LEPL "National Agency of State Property" shall conclude a lease agreement with the beneficiary under the terms and conditions determined within the Program.
- After concluding the lease agreement within the period prescribed by the Government of Georgia in its relevant legal act, the relations related to the bank guarantee shall be regulated by the lease agreement and the legislation of Georgia.

Additional information

- A joint commission of the Agency and the LEPL "Agricultural Research Center" shall select companies implementing rehabilitation works.
- The tea plantation* rehabilitation advisability within the scope of the Program and the compliance of agro-technological plan* presented by the program beneficiary with the required rehabilitation works* shall be confirmed by the LEPL "Agricultural Research Center". The applications submitted by business entities* for co-financing shall be reviewed and the Program beneficiaries shall be selected in the sequence defined by the dates of applications submitted in full by business entities to the Agency (together with the accompanying documents).
- For the purposes of the Program, if the willingness to use state-owned tea plantation* is satisfied and the criteria under the Program are met by the business entity, the Agency and the business entity shall conclude a Conditional Agreement on Co-financing, the condition of which shall be deemed fulfilled from the effective date of the Agreement*.
- The Program beneficiary shall not have the right to build a plant on the tea plantation rehabilitated within the scope of the Program.
- Agricultural cooperatives shall be transferred the ownership of primary tea leaf processing machinery, equipment and inventory free of any charge.
- The Agency shall transfer the ownership of primary tea leaf processing machinery, equipment and inventory free of any charge to an agricultural cooperative within 12 months after the report is submitted on putting the tea leaf processing plant building into operation.
- Participation in the Program does not mean that the State shall further be obliged to transfer any non-agricultural land to the Program beneficiary in order to build a plant.

- The Agency shall provide the monitoring of the fulfillment of obligations assumed by the Program beneficiary under the Co-financing Agreement (and any related agreement), also the monitoring of the fulfillment of obligations assumed by the lease agreement concluded for state-owned tea plantations.

In the first (2016) year of the enactment, the beneficiaries did not express special interest to be involved in the implementation of the project. Due to the ecological and climate situation, in 2018, the beneficiaries of tea rehabilitation project have significantly increased. At the same time, the minimum number of tea plantations currently in state ownership cannot satisfy their demands, so it is important to care for the development of new plantations of tea. In this regard, the decision of the Adjara government is to be welcomed, which has allocated more than 600 thousand GEL from the republic's budget for the cultivation of new plantation of 20 hectares of tea in the Kobuleti municipality.

The data shows that in 2016-2018 the first stage of rehabilitation of tea plantations in Guria, Samegrelo and Imereti regions was implemented in 833.6 ha, including Guria - 184.5 ha, 367,4 hectares in Samegrelo and Imereti 281.5 ha. More than 2 million GEL have been issued by the state as co-financing for beneficiaries (LLC, Cooperative, Joint Stock Company). The transfer of free tea processing equipment to cooperatives is envisioned. At the same time, rehabilitation works are carried out in the same regions on 601,2 hectare area. For already leased tea plantations agro technological plans are developed.

In spite of the serious rehabilitation process of tea plantations, there are a number of unforeseen shortcomings and shortcomings revealed:

Rehabilitation of selected tea plantations are contoured, the slope of the plots are located, where the working processes to perform manually, or by means of small-scale mechanization possible, which significantly increases the costs of labor, while the plain areas located on the plantations in the version of the technical means to prevent malfunctions and lack of rehabilitation calendar works in terms of the process and the quality of performance.

Most rehabilitation plantations are framing. The fact is that the state program "Georgian tea" does not envisage fencing financing, but in our view, the costs of rehabilitation in vulnerable plantations will be ineffective.

The Tea Sertilization Program is designed for 3 years. However, there were revealed facts that the works were carried out in 2016, following the absence of adequate financing during the next 2017 and 2018 Plans. Therefore, we consider it appropriate to co-finance the state for the second and third year rehabilitation works under the technological scheme. Beneficiaries will not be able to bring their planned work to the end of their budget. In the worst case, the expenses incurred by the state will be reimbursed by the beneficiary after entering the plantations full.

In rehabilitation plantations, there is an arbitrary change of inputs, forms and doses of recommended fertilizers. There were cases where instead of complex mineral fertilizers were recorded liquid organic-mineral fertilizers (blackjack). In our opinion the use of such fertilizers in the first years of rehabilitation is irreversible.

Like other cultures, exploitation of tea plantations and processing of raw materials requires proper labor resources as a living worker. Regrettably, in today's rural areas the ability to work in rural areas cannot satisfy increased demand by 15-20%. State leverage has to be put into place here, to return the migrant population back and to provide employment for them on the ground.

Rehabilitation of tea plantations does not mean taking single measures; tea culture needs to be done in a timely and efficient manner. For this it is necessary to use the specialists, whose shortage has been in agriculture for decades. The situation on the agenda puts the issue of preparation and retraining of specialists, which we think should be based on the center "Anaseuli" base.

Tropical rehabilitation does not mean only rejuvenation of older tea plantations and putting people in the service of biology. Rehabilitation of the plant should include the need for planting new plantations of tea, which motivates the population in reality. In parallel to the rehabilitation of old plantations of tea, there is already a prerequisite that the issue of co-financing tea new plantations will be included in the program "Plant the Future".

Despite repeatedly announcing, we reiterate once again that rehabilitation of the tropical sphere will support the development of the basic economy of the subtropical zone, stop migration of the population, and ecologically clean products as the local market and increase export products. Especially when Georgia joins the EU Georgia will be the only tea producing country.

4. European Neighborhood Programme for Agriculture and Rural Development (ENPARD)



**The European Union
for Georgia**
ENPARD

Under the EU - Georgia Association Agreement, Georgia is committed to promote agricultural and rural development, in particular through progressive convergence of policies and legislation, including sharing knowledge and best practices of rural development policies to promote economic well-being for rural communities and enhancing the administrative capacities at central and local level to plan, evaluate, implement and enforce policies in accordance with EU regulations and best practices.

The EU is a key donor in this area, with one of the specific objectives of the Single Support Framework for EU support to Georgia (2017-2020) Georgia being: "to improve the

competitiveness of the agricultural and of the agri-food sector; to improve employment and living conditions in coastal and rural areas through diversification of the coastal/rural economy and developing infrastructure links (specific objective 4).”

To date, the main tool for achieving this aim in Georgia is the European Neighbourhood Programme for Agriculture and Rural Development (ENPARD).

The European Union provides support to rural development and agriculture in Georgia through ENPARD, the European Neighbourhood Programme for Agriculture and Rural Development.

Implemented since 2013, the **main goal of the ENPARD programme** is to reduce rural poverty. Programme assistance is provided to the government and also to NGOs working directly with communities on the ground. Through the ENPARD programme, the European Union aims to reach **three goals**:

- To build capacity and support government institutions in the reform of the agriculture and rural development sector;
- To improve employment and living conditions of rural populations by strengthening farmers’ cooperation skills and access to resources;
- To promote diversified social and economic opportunities in rural areas, particularly for women and youth, in due respect to the environment and the cultural heritage.

The total budget for ENPARD in Georgia, covering the period of 2013-2022 is €179.5 million:

- I Phase – € 52 million, 2014-2017
- II Phase – € 50 million, 2016-2019
- III Phase – € 77.5 million, 2018-2022

ENPARD Goals and Results

- **Strengthens Cooperation Among Small Farmers**

In order to increase agricultural production and reach economies of scale, by establishing business-oriented cooperation forms through a small farmers’ cooperation component. During ENPARD I, this support was primarily channelled through non state actors (Oxfam, Mercy Corps, Care, People in Need, UNDP), mainly consisted of capacity building and complementary investment support.

Results:

- Law of Georgia on Agricultural Cooperatives
- Agricultural Cooperatives Development Agency (ACDA)
- Law of Georgia on Agricultural Cooperatives adopted.
- Agricultural Cooperatives Development Agency (ACDA) established.
- More than 1,500 agricultural cooperatives uniting over 15,000 farmers have been established and registered in ACDA agricultural cooperatives database.

- Over 1,000 agricultural cooperatives supported with over GEL 6 million grants through the state aid programmes.
- Over 280 cooperatives received direct funding and technical assistance with over EUR 4 million (about GEL 13 million) through ENPARD implementing partner organisations (Oxfam, Mercy Corps, People in Need, CARE International, UNDP Georgia).
- Up to 8,000 farmers trained through ENPARD implementing partner organisations (Oxfam, Mercy Corps, People in Need, CARE International, UNDP Georgia).

- **Success Story**

Ali and Nino, Zena, East Fairy Tale, Nina, Eternity Spring - These are the grassy tea compositions that come from Georgia to Latvia and Holland with the brand name of Kona. Before exporting, the cooperative "Kona" members initially had an idea and a handful of half herbaceous tea seeds. Thanks to the well-designed idea, they have gained 7 thousand euro grants, which have already been able to create an intensive garden and small enterprise in the spring of 2016. In one year, production increased by 23%.

"Oxfam Georgia" was the first organization that approved the idea and trusted the cooperative representatives' capabilities. That is why it was planned to participate in the ENPARD program. The grant application was filed in autumn 2014. The project was a budget (7000 euros), but it was in the interest of introductory gardens and in the spring of 2016 they were able to arrange a small enterprise. This enterprise is drying, calibrating, composing and packaging of products.

Besides the fact that ENPARD's grant was arranged in Lavrovkhe and the dripping system for the unmanned plant garden was also able to get advisory support from Oxfam's partner Elkana. Specifically: preparation of business plan, financial and administrative management issues of cooperative, food safety requirements, maintenance of aromatic grasses and consultations in the EU regulations on EU market became less important for cooperative development.

"Kona" is a combination of fragrance, taste, visualization, quality and story. We care about running out; our products are packed with biodegradable materials. "Kona" is a brand based on value. Delicious - For those who love pleasure, it is useful - for those who follow a healthy lifestyle - for those who value the quality - a lot of them - because what's good is that many can not be, "says Natalya Partskhaladze, a cooperative member.

Currently, "Kona" creates 4 people besides 5 members of the cooperative. After a year after the launch of the market 23 times the sales are expected to double in the current year, whereas their tea demand is rising on both the local and the export market. "Kona" is a reliable partner and source of additional income for other cooperatives across the country. Their teas contain the whole of Georgia's flavor. "Tianeti" - from Tianeti, "Aragaveli" - from Khevsureti, as well as farmers are suppliers of raw materials from Samegrelo, Lechkhumi, Kakheti and Guria.

With the help of ENPARD, "Kona" Online Shop also has www.kona.bio, which has already been used in Tbilisi and regions too. "Badagi", "Chimney", "Chikororner", "Frammier", "Georgian Cart", "isTesus", "Black Lion", "Leila", "Tabla" and "Andropov" "Kona" tea tasting is possible. Their teas will soon appear in "factory" and "Radisson".

"We have learned many lessons from the ENPARD projects in Georgia. First, we have concrete achievements that we can celebrate and second, we have been able to define next steps on the basis of this experience. The programme is getting increasingly focused on rural development as we aim at improving the lives of people in the rural regions whether it be from more competitive agriculture or other profitable economic activities. Thanks to this Programme, we are also bringing Georgia closer to the EU and opening up new opportunities for trade. Our mission is not only to foster livelihoods and the sustainability of the sector in the country but also to give it access to the EU market." stated Mikolaj Bekasiak, communication attaché at the EU Delegation.

GREECE



INTRODUCTION

Since 2015 producers cultivating aromatic plants are eligible for basic funding support under the last revision of the CFP if they meet the conditions for allocation of allowances. The cultivation of aromatic plants belongs to Region 2 of arable land and the amount of funding depends on the historical value of the rights of each producer. The Ministry of Rural Development and Food through the 2014-2020 RDP can finance actions foreseen in the roadmap for the implementation of the National Strategic Plan (ESS).

In addition, the Development Law, can support investment projects on agricultural products through the NSRF, and in particular the Programme "Research - I Establish - Innovate" that is a State Funding by the General Secretariat for Research and Technology. The latter foresees the linking of research and innovation with entrepreneurship and supports competitiveness, productivity and business visibility to international markets, with a scope of transitioning to quality innovative entrepreneurship and aiming at increasing domestic value added.

1. National reference framework for the protection and conservation of native genetic material and propagating material of cultivated species

- Article 24 (1) of the Constitution of Greece: "the protection of the natural and cultural environment is an obligation of the State and the right of everyone Law defines the protection of forests and forest ecosystems ...".
- Royal Decree 657/1963 (Government Gazette 191 / A) "On the prohibition and eradication of beekeeping plants"
- Law 998/1979, the provisions of Article 19 on the Protection of Flora and Fauna "of the" Protection of forests and forestry in general of the country "as amended and in force, where care is taken to preserve biodiversity in all of its levels (genetics, species, ecosystems and PD 67/1981 (Government Gazette A23) as it was formed after the correction (GG 43 / A / 1981) and modified by the PD. 256/1987 (Government Gazette 114 A) "on the protection of wild flora and fauna and the establishment of a procedure for the coordination and control of the research on them", which provides for: the collection, transplantation, grubbing-up , the cutting, transport, sale, purchase and export from the country of the species of wild flora of Annex A.
- Article 66 of Legislative Decree 86/1969 (1) and (4) gives the Boss the possibility of adopting a forest-based prohibition (forest law provisions) for these plants for forestry, protective, tourism, aesthetic and general public benefits.
- Law 3937/2011 Articles 10,11,15,20 (Government Gazette 60A) on "Conservation of biodiversity and other provisions", provisions for the conservation of species of flora and measures for how to protect endemic biodiversity are foreseen such as: prohibition collection of endemic species, establishment of a Genetic Material Bank at the Hydropathic Veterinary Institute
- Article 20 (14) of Law 3937/2011 (Government Gazette 60 A), as amended by N 4280/2014, provides for the issuance of PD. to establish a National Bank of Forest Genetic Material for the conservation, protection and sustainable management of forest genetic resources. Not yet published.
- The no. 133581/3471 / 10-7-2013 Circular of the Special Secretary of Forests (ID: BL410-N1P) on the protection of the country's aromatic herbs and medicinal herbs
- The Decision 40332/2014 of the Ministry of Environment, Energy and Climate Change (Issue B, File No. 2383), "Adoption of a National Strategy for Biodiversity for the years 2014-2029 and a Five-Year Action Plan"
- In accordance with Joint Ministerial Decision 131759/3479/2015 (Government Gazette 2564 B), the issues of the establishment and operation of Forest Nurseries (Public and Private) are regulated in order to produce and trade forest reproductive material. The provisions of this JMC are applicable to propagating material of forest species and their

hybrids intended for forestry and non-forestry purposes and determine the conditions for the authorization for their establishment and operation.

- Presidential Decree 17/2003 (Government Gazette) in compliance with Directive 1999/105 / EC on the marketing of forest reproductive material. Its provisions regulate issues of collection, production and marketing of forest reproductive material for forestry or non-forest purposes in the country and in transactions with other EU Member States (47 species of common interest within the EU). A national and European catalog and maps of origin
- PD 100/2014 (ΦΕΚ167 Α ') "Ministry of Peace Organization", in the Department of Forest Nurseries, Forest Genetic Resources and Reforestation belongs to the establishment of nurseries, import licenses, certification of seeds, care for collecting, ginning, handling and disposal of forest reproductive material. Also, for the conservation, protection and management of forest genetic resources
- The no. 165110/288 / 27-1-2012 Circular of the Administration of Forests and the Hellenic Ministry of the Environment on the topic "Secondary fruits" concerning requests for the collection of species of wild flora
- The relevant forest-based pricing table, which applies in each management year, which determines the rent to be funding for primary products of forest origin that are produced from public forests and woodland in general according to the provisions of Law 86 / 69 "On Forest Code".
- Law 1564/1985 (Government Gazette 164 Α) "Organization for the production and marketing of propagating material of plant species" in Article 1 states that "the provisions of this law shall apply to propagating material of the cultivated species other than forestry"
- The no. 7594/115508 / 12-9-2014 (Government Gazette 2663 Β) Ministerial Decision "Technical Regulation for the Marketing of Propagating Material of Aromatic and Medicinal Plants" (B2663) and concerning propagating material from other Member States, third countries or domestic production, which is marketed.
- Regarding varieties, a special application, accompanied by a series of necessary supporting documents, is submitted to the Department of Plant Variety Control (TCDKF) of the Ministry of Rural Development and Food to register a variety of aromatic / medicinal plants in the National Catalog. Varieties are listed in the National Catalog if they are approved after an official examination, including Discreet Tests, Uniformity and Stability (DAC), which are carried out: (a) for dill and basil, in accordance with the Protocols for DAS tests; of the Community Plant Variety Office (CPVO); (b) for chamomile and thyme, in accordance with the guidelines for conducting trials of DOS; the International Union for the Protection of New Plant Varieties; (c) for oregano, the minimum characteristics according to the minimum requirements funding down in Annex III to Article 11 of the Technical Regulation for the acceptance of varieties of aromatic and medicinal plants. (The no. 7057/102367/2014 (Government Gazette 2266 Β) Ministerial Decision "Technical Regulation for the acceptance of varieties of aromatic and medicinal plants (dill, basil, chamomile, thyme and oregano)" (B2266), specifying the minimum characteristics to be examined and the minimum conditions for the examination of the varieties of the above

species and the procedure for their registration, renewal and deletion from the National Catalog of Varieties of Agricultural Plant Species.)

- In the case of a type not included in the above Technical Regulation, the application for protection file may be filed either directly with the CPVO or through the local offices to reach the CPVO. After the necessary check of the dossier, the IVA examinations are carried out, the time varying according to the species (eg 1 year flowers, trees 6 years). Once all the necessary procedures have been satisfactorily completed, a Community Plant Variety Right has been granted for a period of 25 years. The Community Plant Variety Office (CPVO) was created by Regulation (EC) No 2100/1994 as in force and takes decisions on applications for the grant of plant variety rights which protect the intellectual property of authors throughout the European Union. The application for protection shall be submitted by the breeder or his representative. Protection concerns varieties that are new, distinct, uniform and stable. For this purpose, technical examinations are carried out at EU Testing Centers selected by the CPVO, with the payment of the respective fees. These test centers meet certain requirements such as having collections of varieties of plant species under examination, experience and qualified personnel and are subject to regular inspections by the CPVO.
 - All relevant information can be found at: cpvo.europa.eu. The granting of protection to plant varieties is separated from the entry of the varieties into the national catalog. If there is interest and necessity to register varieties in the national catalog of other LFAs, then the corresponding Protocols for the registration of varieties of these plant species should be adopted by Ministerial Decision. Presidential Decree 80/1990 (Government Gazette 40 A) "Protection of the plant genetic material of the country" regulates issues of protection and conservation of the domestic abundant genetic material of the cultivated plant species and of the wild ancestors.No. 136473/2011 (Government Gazette 468 B)
 - Decision "Determination of Promoted Species, Varieties, Horticultural Cultures and Other Activities", issued following the suggestions of the services of the Ministry of Agriculture and Rural Development and specialized research institutes and Agrarian Economy Directorates of the regional units.
 - In the relevant legislation for the HY for NSAs no mention is made on categories of NF such as those of high quality.

2. European - International Regulations, Standards, Guidelines

- The European Community system for the protection of plant varieties, based on the principles of the 1991 UPOV Convention, contributes to the development of agriculture and horticulture. By promoting innovation and research, the Community system promotes the development of new varieties in the market. The CPVO's Community Protective Scheme (CPVO) provides added value in the sense that creators can benefit from the return on their investment throughout the European Union. All botanical taxa are eligible for protection.

- Implementing Regulation 2015/1866 / EU laying down detailed rules for the implementation of Regulation (EU) 511/2014 of the European Parliament and of the Council on the collections register, the monitoring of users' compliance and best practices. This Regulation regulates the user's compliance with the Nagoya Protocol on access to genetic resources and the fair and equitable sharing of benefits resulting from their use in the Union. The Nagoya Protocol is a useful tool with effect from 10 October 2015 on the international scene, but the adoption of the relevant sanctioning law for our country is pending in order to become binding on the domestic legal order in all its content .

3. Funding instruments and Actions of the 2014-20 Rural Development Program, addressed to the Aromatic and Medicinal Plants Sector

B.1.1 . Funding Pillar 1:

Since 2015, producers cultivating aromatic plants are eligible for basic support under the last revision of the CFP with the condition that they meet all parameters for allocation of allowances. The cultivation of aromatic plants belongs to Region 2 of arable land and the amount of funding depends on the value of the rights of each producer.

B.1.2. Rural Development Programme 2014-20, axis addressed to aromatic herbs

B.1.2.1 : Measure 4.1

“Investment Support in agricultural production”

Total measure budget: 193.426.939 € Community Contribution

Eligible beneficiaries: Farmers, owners of farm land.

Type of support: Grant.

Investment sum: 500.000 € for individuals and up to 2 mil. € for collective investments.

Funding percentage:

- 75% small islands of S. Aegean
- 50% less developed peripheries
- 40% other regions (Central Greece, West. Macedonia, Attica)

These funding percentages may rise up to 90% if the following conditions apply:

- New farmers
- In areas confronting natural barriers or other disadvantages
- In investments that are connected to measures supporting environmental friendly cultivation methods and organic production

- In collective investments, integrated investment plans and investments plans filed by producers coalitions.

Eligible costs:

- ✓ Land purchase (10% of the total investment budget and 15% in cases of purchase of former abandoned infrastructure)
- ✓ Construction, extension, modernization of agricultural buildings and constructions
- ✓ Purchase, transport and installation of new machinery and other equipment
- ✓ Buying, transporting and installing perennial plantations
- ✓ Fencing and landscaping
- ✓ Purchase of new apiculture and floriculture
- ✓ General Expenditure (such as fees for preparing and submitting a request for support and request for payment, engineering fees, consultants' fees and fees for licensing).

Non-eligible costs:

- ✓ Second hand equipment
- ✓ The VAT is non-recoverable
- ✓ Animals purchase
- ✓ Expenditure on buying annual plants or plants installed by sowing
- ✓ Expenses for simple replacement of mechanical equipment
- ✓ Purchase of agricultural production rights, payment entitlements

B.1.2.2 : Measure 4.2.1

‘Processing, marketing and development of a final product within Annex I (agricultural product)’

Total measure budget: 125.000.000 € Community Contribution

The processing - marketing of the following crop production sectors is supported:

- Cereals (such as flour production, cereal drying)
- Oil products (excluding oil mill foundations)
- Wine
- Fruit and vegetables
- Flowers (such as flower branding and marketing)

Pharmaceutical and Aromatic Plants

- Seeds & Propagating Material
- Vinegar (eg wine vinegar, fruit and other agricultural raw materials)

Beneficiaries: Very small, small, medium-sized enterprises that falls under the Commission Recommendation 2003/361 / EC and larger companies.

Type of support: Grant. The support is possible to be combined with other financial instruments.

Total funding grant: up to 5.000.000 €.

Funding for investment plans up to 600.000 €. The proposals should be submitted to and managed by the Managing Authorities of each Region.

Funding percentage:

- 75% small islands of S. Aegean
- 50% *less* developed peripheries
- 40% other regions (Central Greece, West. Macedonia, Attica)

These funding percentages may rise up to 20% and until 90% of the total investment budget if the investments are connected to farmers coalitions.

Eligible costs:

- ✓ Construction, acquisition or improvement of real estate, where land is eligible only if it does not exceed 10% of the total cost of the investment. For abandoned and former industrial facilities including buildings, this threshold is increased to 15%.
- ✓ Configuration of the surrounding area in order to serve the needs of the unit. Purchase and installation of equipment. These costs include laboratory equipment to the extent that it serves the operation of the plant.
- ✓ Waste treatment facilities not as a single action but as part of total productive investment.
 - ✓ Purchase of new vehicles - such as isothermal tanks, necessary for the transport of milk to the standardization and processing area.
 - ✓ Purchase of new refrigerated vehicles exclusively for wholesale products.
 - ✓ Internal transport means that cover investment needs (such as forklifts, forklifts).
 - ✓ Purchase of vehicles for the transport of animal by-products to the inactivation units, with specifications in accordance with the legislation in force (Kav.K.E.K. 1069/2009 & Kav.K.E.K.142 / 2011), within the framework of the actions related to the establishment, expansion and modernization of slaughtering inactivation units.
 - ✓ Acquiring certificates from competent organizations (such as ISO, HACCP).
 - ✓ Expenses on business equipment (such as fax, telephone, intercommunication and computer networks, photocopiers and plant security systems).
 - ✓ Studies, branding of the product, acquisition of patents, market research to shape the image of the product (packaging, marking), licenses, intellectual property rights, purchase or development of software necessary for the operation of the investment
 - ✓ General costs (such as fees for engineers, consultants, and licensing)

Non-eligible costs:

- ✓ Used equipment
- ✓ The VAT is non-recoverable
- ✓ Costs for simple replacement of mechanical equipment

B.1.2.3: Measure 4.2.2

‘Processing, marketing and development for a non-Annex I final product (non-agricultural product)’

Total measure budget: 35.000.000 € Community Contribution.

The processing and marketing of the following sectors is supported:

- Smoke treatment for cigar production or cigarillos
- Brewing
- Processing of hive products (pollen, propolis, royal jelly)

Essential oil production units

- Units of olive oil processing
- Units to produce spirits of fruit and vegetables or vineyard origin
- Agricultural production units to produce cosmetic and nutritional products
- Plant for the marketing and packaging of plant nutrition products
- Rye and concentrate production units.
- Exploitation of by-products (5E priority)
- Cotton and other textile fibers

Beneficiaries: Very small, medium-sized enterprises that fall under the Commission Recommendation 2003/361 / EC.

Type of support: Grant. The support is possible to be combined with other financial instruments.

Funding sums: Up to 5.000.000 € and no lower than 100.000 €

Funding investment plans up to 600.000 € will be submitted to and managed by the Managing Authorities of each Region.

Support percentage in total: The support for action 4.2.2 is determined as such:

- For projects with a total budget of up to € 300,000 that fall under the limits of Regulation (EC) 1407/2013 (de minimis). The funding rate shall be 65% of the eligible costs of the total support application.
- For projects over € 300,000 the finding will be granted on the basis of Article 44 of Regulation (EU) No 702/2014 and in accordance with the categorization of the regions in the current EU-approved regional map as in force.

Eligible and non-eligible expenses as in measure M 4.2.1

B.1.2.4 : Measure 4.2.3

“Processing, marketing and development of agricultural products by professional farmers ”

Total measure budget: 10.000.000 € Community Contribution.

The processing and marketing of the following sectors is supported::

- Meat - poultry - rabbits (meat products, cold meats and meat products)
- Milk (such as milk processing, milk products, cheese, yoghurt)
- Wine
- Viticulture (production of spirits, beverages)
- Fruit and vegetables (production of spirits, beverages)
- Brewing
- Agricultural production units for food products

Pharmaceutical and Aromatic Plants

- Vinegar (eg wine vinegar, fruit and other agricultural raw materials)
- Processing of hive products (pollen, propolis, royal jelly)

Beneficiaries: Professional farmers as defined in national legislation.

Type of support: Grant. The support is possible to be combined with other financial instruments.

Funding sums: Up to 300.000 € lowest threshold 50.000 €

Potential beneficiaries who have submitted an investment plan under Measure 4.1 may claim a maximum investment amount (total budget) cumulatively for both Measures 4.1 and 4.2.3 to 500.000 €.

Grant contribution : Grant for Action 4.2.3. falls within the limits of Regulation (EC) 1407/2013 (de minimis). The funding rate shall be 65% of the eligible costs of the approved investment.

Eligible and non-eligible expenses as in measure M 4.2.1

B.1.2.5 : Measure 19.2

“Supporting the implementation of local community actions under Community Led Local Development (CLLD) ”

Total budget: For public and private projects, approximately € 346.1 million of which, around € 242.27 million, in public investment for public spending.

Addressed to: Processing and marketing of agricultural products

- Final product: agricultural
- End product: non-agricultural
- Business development
- Establishment, expansion, modernization of tourism enterprises •
- Establishment, expansion, modernization of enterprises in the agricultural and other sectors of the economy
- Investments in processing and marketing of forest products

- Cooperation (support for pilot projects, new working / production methods, short chains, environmental projects)

Maximum investment threshold: 600.000 €

Beneficiaries, rate of funding, eligible costs and ineligible costs as described in the corresponding RDP 2014-2020 measures and in their MS implementation.

B.1.2.6 : Measure 16 ‘Synergy ‘

- 16.1 - support for the establishment and operation of the PES operational groups on productivity and sustainability of agriculture
- 16.2 - support for pilot projects and the development of new products, practices, processes and technologies

Exploitation of new technologies

The investment projects may include, but are not limited to, the implementation of new, innovative processes aimed at enhancing the competitiveness of enterprises in primary production of agricultural products and in the food sector, as well as in the search for new cultivation practices and production practices that contribute to environmental protection, adaptation to climate change.

Beneficiaries:

Beneficiaries may be coalition schemes with a legal form that will identify the lead partner in the NAPs in order to guarantee the productivity and sustainability of agricultural production and have internal rules of operation (co-operation pact). These schemes can be formed by at least two stakeholders (such as farmers, cooperatives, researchers, universities, consultants, SMEs involved in agriculture, livestock and food, or other bodies such as environmental organizations and NGOs).

Maximum investment threshold:

The eligible costs for the organization and co-ordination of the project can come up to € 30,000. However, if it concerns the whole country this sum can increase up to € 60,000, (100% funding from the RDP). Expenses for the implementation of the cooperation are increased to 100% in total and up to a maximum of 120.000 € if it concerns just an administrative region, whereas for the whole country, will raise up to 240.000€. The production costs resulting from the implementation of this cooperation are covered by Measure 4 of the investment, with an increase of 20% in the funding rate.

B.1.2.7 : Measure 16.4

“Horizontal and vertical cooperation for short chains, local markets and promotional activities”

Strengthening horizontal and vertical cooperation between actors in the supply chain (such as producers, producer associations, cooperatives, professional organizations, processors, retailers) to:

- the establishment and development of short supply chains
- the establishment of local markets (Farmers' Markets according to the applicable National Legislation)

Beneficiaries

They can be co-operation schemes with a legal entity that will identify the lead partner and have internal rules of operation (co-operation pact). Members of the partnerships may be producers, cooperatives, producer associations, professional organizations, processors, retailers, municipalities, consumers and their organizations.

In particular, the Business Cooperation Plan is being strengthened

- For the implementation of the project, which does not concern a productive investment, the publication, animation and mobilization costs are 100% covered.
- For the implementation of the business plan for productive investment, the funding will be granted on the basis of the de minimis rule.

Total maximum funding limit for a cooperation will raise up to 150.000 €.

B.1.2.8 : Measure 9 “Setting up of producer groups and organizations”

It refers to : the establishment of new groups and producers organizations acknowledged by the competent national authority (WMDAAT).

Minimum membership: for producer groups of a plant production for the purpose of this measure is set to 10 members, whereas for the husbandry, is 5 members.

The funding is reimbursed: as a lump sum for the first five years of operation of the producer groups or organizations in order to achieve their objectives in business.

The business plan will bear measurable indicators based on a standardized plan and may include the following:

- Increase or change in production volume or value.
- Finding new markets.
- Stabilization / diversification of production.

- Change in volume of production marketed and meeting the requirements of a special "quality scheme" (eg certified organic production, protected geographical indications and protected designations of origin, certified integrated production).
- Replace plant life (with the exception of annual crops) to reduce inputs and / or increase outputs of the holding or increase the value of the marketable product.
- Collective promotion and promotion actions.
- Replacement of equipment or acquisition of a new one in order to achieve performance (eg increase efficiency or reduce inputs).
- Creating new infrastructure or improving and / or extending existing ones. •
- Control and management of production and marketing costs, as well as the efficiency of the use of the means of production.
- Consulting services for the proper selection of cultivated species. •
- Implementation of new practices / techniques, methods and / or products in agriculture, livestock or forestry.
- Environmental waste and waste
- Participation in measures / actions to protect the environment and the climate.
- Participation in measures / actions of training, cooperation and use of advisory services.

The funding is submitted annually: It is a percentage of the annual market value of the group's or organization's products and its decreasing as follows:

- 10% of the production value marketed in the first year after recognition.
- 8% of the value of marketed production in the second year of recognition.
- 6% of the value of marketed production in the 3rd year after recognition.
- 4% of the production value marketed in the 4th year following recognition.
- 2% of the value of marketed production in the 5th year after recognition.

The annual funding support of each team or organization cannot exceed € 100,000.

B.1.2.9 : Measure 1 ‘Know how exchange & information actions ’

Within this measure, knowledge and information transfer actions are planned to reinforce the human resources employed in agriculture (agriculture and livestock farming), micro and small enterprises (SMEs) in the processing and marketing of agricultural products, whose result is also an agricultural product and the forestry sector. There are no actions for knowledge and information transfer to SMEs outside the agricultural and forestry sector in rural areas, as the field is mostly covered by the Operational Program. Competitiveness Entrepreneurship and Innovation for 2014-2020.

Sub measure 1.1: Professional training καί capacity building actions

Action 1.1.1: Training and capacity building for startup farmers and small agricultural production units.

Beneficiary the activity is addressed to ELGO “DEMETRA”

B. 1.3. Measures of the RDP 2014-20, which are to be further evaluated and adapted, for potential use for NFA

B.1.3.1 : Measure 2 ‘Consulting Services ‘

Farm advisory services for farmers, and especially young farmers, to improve the sustainable management and overall performance of their farm through consultation and guidance towards the right decisions on the overall technical - economic and environmental management of their holdings. Therefore, this measure encourages the free use of consultancy services for farmers and young farmers.

Submeasure 2.1: Use of advisory services in the agricultural sector. The advice given is provided in agricultural (plant and / or animal-oriented) holdings and is classified into six counseling packages

B.1.3.2 : Measure 3 ‘Agricultural and Food Quality Systems’

Quality policy is a fundamental component of the Common Agricultural Policy and an important opportunity for Greek agricultural products. Ensuring both components of "quality" at the same time, ie desirable qualities and desired volume for disposal, is the main objective of organizing production to achieve competitiveness.

Sub-measure 3.1: Funding Support for the participation in new quality systems

Target: Supporting the increase in the value of agricultural products in rural areas through certification based on consumer-recognized standards, creating conditions to ensure high quality product quality with emphasis on marketable quantities. Also, better access for primary producers in the market by increasing the credibility of producer groups as stable suppliers of a certified quality product with proven desirable characteristics.

Eligibility rules

- Protected Geographical Indication (PGI) or Protected Designation of Origin (PDO)
- Products marked "mountain product".
- Integrated management system according to AGRO 2-1 / 2-2

General rules defining the selection criteria

Beneficiaries applying for funding to produce certified organic PDO products or certified organic PGI products. Producer groups or organizations or individual farmers who create or participate in producer groups and organizations.

Beneficiaries submitting application dossier for RDP 2014-2020 measures are related to investment activities in primary sector (improvement projects) or activities in the field of processing, participation in the measure of young farmers or M11 "Organic Agriculture.

- **Beneficiaries operating in mountain and island regions.**

Sub-measure 3.2 : Funding Support for information and promotion activities carried out by producer groups in the internal market

The sub-measure provides supports information and promotion activities concerning agricultural and food products covered by quality schemes.

The measure aims to support information and promotion activities carried out by producer groups in the internal market on products covered by European Union or national quality schemes (agricultural products and food products)

Eligibility rules

- The information and promotion activities eligible for support are those designed to encourage consumers to purchase agricultural products or foodstuffs covered by a quality system that is supported under this
- Only information and promotion activities in the internal market are eligible for support. These activities must be consistent with the Community institutional framework and the national legal framework of the Member State where they take occur.
- These activities should not encourage consumers to buy a product because of its origin, except for products covered by national or EU geographical indications and designations of origin and quality wines produced in designated regions. The origin of a product may, however, be referred, provided that the reference to origin is secondary to the main promotional slogan.
- Activities related to the promotion of trademarks are not eligible for support. However, product brands may be visible during events and on information and promotion material provided, however the trademark should be inferior in relation to the main slogan.
- Information and promotion activities should always make clear reference to the applicable legal and regulatory requirements regarding responsible alcohol consumption and the risk of alcohol abuse.
- No support will be provided for information and promotion expenditures on voluntary quality schemes.

General rules defining the selection criteria

- Beneficiaries applying for funding for information and promotion activities of certified organic PDOs or PGI products.
- Beneficiaries of Measure 9 "Establishment of Producer Groups and Organizations" of the RDP 2014-2020.
- Beneficiaries operating in mountain and island regions

B.2 Funding and Measures for Agricultural Products by the Development Law, potentially addressed to the Aromatic and Medicinal Plants sector.

The decisions that determine the types of investment plans for agricultural production and processing of agricultural products that can be included in funding schemes under Law No. 4399/16 are published. The two decisions published under Government Gazette B "3410 / 24-10-2016 describe the specifications, additional terms and conditions for the granting of funding to investment projects in the above sectors.

In summary, the activities supported are as follows:

B.2.1 : Primary sector

The investment projects in primary sector proposed by micro, small and medium-sized enterprises (SMEs) are eligible for funding under Law 4399/2016 (A117) and may relate to the establishment of a new production line or the modernization of an existing unit, with or without relocation. The funding falls under the conditions of paragraph 3 of Article 5 of Law 4399/2016 (A'117) and their decision to proclaim the specific funding scheme of that law. In the context of modernization, the plant may increase its capacity, if this is not contrary to national or Community specific provisions and has been licensed for this purpose.

The investment plan in the field of Crop Production refers to:

Holdings of all types and production systems of plant production, such as conventional, certified - integrated, organic, etc. - outdoor, greenhouses and also greenhouse mushroom cultivation chambers, etc.

The investment project should aim at least one of the following objectives:

- Improve the overall performance and sustainability of the farm by reducing production costs or improving and rearranging production.
- Improvement of the natural environment, hygiene conditions or animal welfare standards, provided that the investment in question exceeds the current EU standards.
- Creating and improving infrastructure related to the development, adaptation and modernization of agricultural production

B.2.2: Processing agricultural products

Funding schemes under L.4991 / 2016, investment projects in the agro-processing sector, as defined in point 10 of Article 2 of the GFC, may be included only in cases where the funding for the investment project is based on the eligible costs of the project, which are specific to the crop production:

Animal feed

- Cereals (flour production, cereal drying, processing for malt, starch, gluten, etc.).

- Oil products (oil mills, olive oil refineries, oil mill, processing plants for edible olives, etc.).
- Wine.
- Fruit and vegetables.
- Acorns - nuts.
- Fodder plants
- Legumes.
- Flowers (standardization and flower trade).
- Seeds & Propagating Material.
- Vinegar (production of wine vinegar, fruit and other agricultural raw materials).

Aromatic and medicinal plants for the treatment of drought.

- Processing of new - alternative - innovative crops.
- Processing of raw tobacco.
- Sugar beet and sugar cane processing.
- Processing of flax and industrial hemp.
- Processing of natural raw cork and wastes thereof.

No funding schemes under Law 4399/2016 may be eligible for investment projects in cases where:

- They concern the processing of genetically modified products as defined by Directive 2001/18 / EC other than their use to produce feed
- Breaches of prohibitions or restrictions
- Funding under Regulation (EU) 1308/2013 (KOA), even where those prohibitions and restrictions apply only to the Union support provided.

The total amount of funding per project submitted may not exceed EUR 5 000 000,. Funding granted to each institution, including funding to affiliated or affiliated undertakings, may not cumulatively exceed the ten million (10,000,000) euro for an individual enterprise and twenty million (20,000,000) euro for all the affiliated or affiliated enterprises, subject to the limitations of Article 4 of the GAEC.

For investment projects in the primary sector, the maximum amount of funding under Law 4399/2016 may not exceed EUR 500,000 per investment project/ per enterprise (Article 4 (1) (EU) No 702/2014). These limits must not be circumvented by artificially separating the investment plan.

B.3. Single State Funding Action "Research - Create - Innovate", the General Secretariat for Research and Technology

Sector 3 - Agrofood

3.1 . Emphasis and improvement of the special characteristics of the Greek products of primary production

3.1.4 . Making use of innovative pharmaceutical / aromatic plants and research on their potential use in food, cosmetics and animal production industries

3.5. Nutrition and health

3.5.5. Emphasizing and exploiting components the potential significant biological activity by taking advantage of risk assessment approaches:

- Herbs and herbs, as herbal infusions and as raw materials for food supplements
- Other plants or algae, as raw materials for food and food supplements

Beneficiaries

Already existing enterprises that have completed 3 fiscal years.

Eligible expenses

- Building infrastructure: 45% - 80% of the total expenses
- Equipment
- Renting of premises
- Modernization of mechanical infrastructure
- Know how transfer
- Copyright certificates
- ISO quality systems
- Personnel costs

Type of support: Grant.

Investment sum: Max 500.000€

Grant contribution : Grant for Action 4.2.3. falls within the limits of Regulation (EC) 1407/2013 (de minimis). The funding rate shall rise up to 55% of the eligible costs of the approved investment.

Investment project duration: 3 years

Condition: Detailed business plan

4. OP “Competitiveness, Entrepreneurship and Innovation 2014-2020”

The “Competitiveness, Entrepreneurship and Innovation” (**EPAnEK**) Operational Programme is one of the five sectoral operational programmes of the Partnership and Cooperation Agreement (the new NSRF) for the period 2014-2020, which along with the 13 Regional Operational Programmes, were **approved on 18/12/2014** by the **European Commission**.

EPAnEK covers the whole of Greece and has a **4.916 billion** Euros public expenditure budget (**3.84 billion** Union contributions). The pivotal strategic objective is to **enhance the competitiveness and extroversion of enterprises**, to facilitate transition to quality entrepreneurship with innovation and the growth of domestic added value as the cutting edge.

The Operational Programme for Competitiveness, Entrepreneurship and Innovation occupies a central position to the Country's efforts to create a **new production model** that will lead to development and will strengthen the competitiveness of the Greek economy by leveraging private financing.

The new model brings to the fore productive, competitive and outward-looking sectors of the economy, such as **tourism, energy, agri-food, the environment, the supply chain, information and communication technologies, health and the pharmaceutical industry, creative and cultural industries, materials – construction**.

▪ Competitiveness Toolkit for Small and Very Small Businesses

The Action aims to support existing small and micro enterprises in order to upgrade and improve their competitive position in the domestic and foreign markets by investing in the modernization of their production equipment and in the certification of their products.

Beneficiaries

Already existing enterprises that have completed 3 fiscal years and have at least two employees.

Eligible expenses

- Equipment (up to 100% of the investment project)
- Certification of products (up to 100% of the investment project)
- Packaging – labeling – Branding (up to 25% of the investment project)
- Digital marketing
- Consulting services
- vehicles
- Personnel costs

Type of support: Grant.

Investment sum: minimum 20.000€ Max 200.000€

Grant contribution : Grant for Action 4.2.3. falls within the limits of Regulation (EC) 1407/2013 (de minimis). The funding rate shall rise up to 65% of the eligible costs of the approved investment.

Investment project duration: 2 years

5. Interreg V-A Cooperation Programme Greece-Bulgaria

- **Grant Scheme for Supporting SMEs to grow and expand beyond local markets**

Beneficiaries

Already existing enterprises (who have completed at least one fiscal year) or new enterprises (under establishment or who have not completed one fiscal year) .

Eligible expenses

- Building, installation, landscaping expenses
- Machinery, equipment, vehicles expenses
- Personnel expenses (operating assets)
- Software (intangible assets)
- Promotion, marketing, networking expenses (intangible expenses)
- Technical , consulting support expenses (intangible expenses)
- Technology, know how (intangible expenses)

Type of support: Productive investment/Grant.

Eligible areas:

- Blagoevgrad, Haskovo, Smolyan, Kardzhali, Evros, Xanthe, Drama, Kavala, Thessaloniki Serres

Investment sum: minimum 300.000€ Max 600.000€

Grant contribution: Grant for Action 4.2.3 falls within the limits of Regulation (EC) 1407/2013 (de minimis). The funding rate shall rise up to 65% of the eligible costs of the approved investment.

Investment project duration: 3 years

TURKEY



Photo credit: VEDA

INTRODUCTION

Tea production was concentrated in Asia until the end of the nineteenth century, but increasing global demand for tea enabled other countries to grow their own tea. Tea is produced in 45 countries worldwide. Today, one of the main cultivated places is around the Black Sea basin. The tea reached this region by various means. It took much more time for tea to be grown in the Black Sea basin. Mongols and merchants introduced tea on the Silk Road to Russians, Turks, Persians, Kyrgyz, Turkmen and Uzbeks. In the Black Sea basin, tea is produced in Turkey, Bulgaria, Georgia, Armenia and Greece.

1. TEA OVERVIEW IN TURKEY

Tea, which has been known in Turkey for 400 years and has been produced especially for the last 70 years, is the drink that is loved and consumed in Turkey. So much so that 96% of the population drinks tea every day. Approximately 245 million cups of tea are consumed per day in Turkey.

Seed cultivation of the tea plant in Turkey and the differences arising from the region's very special climate, topography and soil conditions have led to the emergence of a tea unique to the

Eastern Black Sea. Perhaps the most important of the quality features that the region adds to tea is that the climate of the Eastern Black Sea region does not give opportunities for the development of natural tea pests. Due to the eastern Black Sea winters, which are much colder and snowier compared to other tea-grown regions in the tropical zone, there is no need for a chemical fight against diseases and pests, so there is no pesticide residue in Turkish tea. The absence of any other country that snows on the tea plant in the world makes Turkish tea unique.

Turkey's tea exports are 3,565 tons according to 2018 data. When Turkey's tea exports are examined as value, they amounted to 5.185 thousand dollars in 2017 and 13.089 thousand dollars in 2018 and approximately 65% of its exports were to Georgia, Belgium, Germany and the Turkish Republic of Northern Cyprus.

TURKEY'S TEA EXPORTS COUNTRIES (TONS)(GTIP: 0902 TEA, FLAVORED OR NOT)					
EXPORTING	Exports For 2014	Exports For 2015	Exports For 2016	Exports For 2017	Exports For 2018
World	4,631	5,490	6,117	5,185	3,565
Georgia	62	71	437	651	1097
Belgium	2093	2395	2144	2012	694
Germany	220	389	823	983	287
Turkish Republic Of Northern Cyprus				328	266
United States of America	201	136	205	142	213
France	121	53	183	64	208
Netherlands	67	79	81	50	204
Saudi Arabia	46	63	89	124	88
United Kingdom	21	24	42	21	39
Russian Federation	21	17	14	86	16
Free Zones	203	262	200	29	14
Canada	8	8	4	20	12
Azerbaijan	30	21	36	26	9
Greece	1	3	3	3	1
Bulgaria	1	1	2	3	5
Other Countries	1,536	1,968	1,854	643	412

Table: 26 Countries Where Turkey Exports Tea

TURKEY'S EXPORT REVENUES FROM TEA (THOUSAND DOLLARS)(GTIP: 0902 TEA, FLAVORED OR NOT)					
EXPORTING	Exports For 2014	Exports For 2015	Exports For 2016	Exports For 2017	Exports For 2018
World	20,414	23,614	28,585	24,966	13,089
Belgium	8,660	9,617	10,560	9,071	3,169
Germany	1,041	1,927	5,196	6,525	1,600
Cyprus	0	0	0	1,465	1,299
United States of America	667	758	1104	772	1,122
Netherlands	313	365	413	252	933
France	530	240	894	320	882
Saudi Arabia	318	429	603	1,029	600
Georgia	316	331	387	370	426
United Kingdom	153	120	238	115	249
Qatar	9	10	63	117	170
Free Zones	1,231	1,536	1,241	270	108
Austria	1	5	296	21	100
Azerbaijan	347	291	291	222	86
Russian Federation	98	96	67	404	78
Canada	42	46	24	119	68
Bulgaria	14	19	22	40	39
Greece	11	18	28	20	10
Other Countries	6,663	7,806	7,158	3,834	2,15

Table: 27 Turkey's Export Revenues From Tea

Turkey is a rich country in genetic diversity due to its geographical structure and the gene center of many plants. Turkey is among the most important countries in the world in the trade of Medicinal, aromatic plants and herbal tea. There are 347 species collected from nature in Turkey, of which 30% are traded in foreign trade. (Faydalıoğlu and colleague 2011). Turkey's exports of Medicinal, Aromatic Plants and herbal tea were 18.605 thousand dollars in 2016 and reached 23.754 thousand dollars with an increase of 27% in 2018. According to 2018 data, the most export countries are Iraq with 6.316 thousand dollars, Islamic Republic of Iran with 3.649 thousand dollars and Syrian Arab Republic with 2.841 thousand dollars respectively.

TURKEY'S EXPORT OF MEDICINAL, AROMATIC PLANTS AND HERBAL TEA (THOUSAND DOLLARS)(GTIP: 2101)			
Importing countries	Exports For 2016	Exports For 2017	Exports For 2018
World	18,605	22,557	23,754
Iraq	4,966	6,049	6,316
Islamic Republic Of Iran	6,966	5,882	3,649

Syrian Arab Republic	374	262	2,841
Germany	583	767	866
United Arab Republic	772	1,044	853
Bulgaria	581	652	763
Belarus	0	925	627
Saudi Arabia	240	929	600
Georgia	445	624	511
Other Countries	3,678	5,423	6,728

Table: 28 Turkey's Exports of Medicinal, Aromatic Plants And Herbal Tea

Imports of Medicinal, Aromatic and herbal tea in Turkey are 120.811 thousand dollars in 2016, 140.726 thousand dollars in 2017 and 122.935 thousand dollars in 2018.

TURKEY'S IMPORTS OF MEDICINAL, AROMATIC PLANTS AND HERBAL TEA (THOUSAND DOLLARS)(GTIP: 2101)			
Exporting Countries	Imports For 2016	Imports For 2017	Imports For 2018
World	120,811	140,726	122,935
India	40,873	47,380	38,792
Switzerland	19,436	24,455	22,427
Ireland	18,091	15,596	16,974
Thailand	10	5	7,102
Germany	6,278	6,932	6,121
Malaysia	4,620	4,991	5,588
Poland	1,031	3,242	4,030
United States of America	1,849	3,594	3,593
Brazil	8,496	9,131	3,477
Spain	3,807	3,436	3,384
Vietnam	1,370	9,091	1,836
United Kingdom	1,529	3,063	1,344
Other Countries	13,421	9,810	8,267

Table: 29 Turkey's Imports of Medicinal, Aromatic Plants and Herbal Tea



2. Governmental Programmes and Incentives

Supported tea, fuel and fertilizer support payments are made within the scope of the Turkish agricultural basins production and support model.

SUPPORTS FOR 2018			
Products	Fuel (TL / Decares)	Fertilizer (TL/Decares)	Total (TL/Decares)
Fresh Tea	10	4	14
Fallow	6	-	6

Table: 42 Supports For Tea

The difference payment support to fresh tea producers, Turkey Agriculture basins production and support model determined in the basins, 2/4/2012 dated and 2012/3067 enacted by the Council of Ministers decision on the determination of tea agricultural areas and these areas of tea agricultural producers who are allowed to produce and determined by the decision on the granting of licenses in the tea fields.

WATERSHED-BASED DIFFERENCE PAYMENT SUPPORTS FOR 2018	
Products	Unit Price (Penny)
Fresh Tea	13

Table: 43 Supports For Tea (Watershed-Based Difference Payment Supports)

Low interest investment and business credit support is provided to cooperatives(cooperatives) who produce fresh tea leaf.

LOW INTEREST INVESTMENT AND BUSINESS LOAN APPLICATIONS FOR 2018			
PRODUCTION ISSUES OF AGRICULTURAL COOPERATIVES	DISCOUNT RATE (%)		Credit Upper Limit (TL)
	Investment Period	Operating Period / Credits	
Fresh Tea Leaf Production	-	50	5.000.000

Table: 44 Tea Supports (Low Interest Investment And Business Loan Applications)

Council of Ministers Decision No. 2011/2526 on compensation for the loss of income suffered by producers due to pruning tea leaves for the purpose of supplying quality tea leaves was published in the Official Gazette No. 28156 dated 28.12.2011 and entered into force. The effective date of the decree is 01.01.2012 and is valid for 10 (ten) years.

PRUNING COMPENSATION (2010-2018)				
YEARS	TOTAL AREA (Thousand Decars)	AREA TO BE PRUNED(thousand Decars)	PRUNED AREA (Thousand Decars)	COMPENSATION AMOUNT (Thousand TL))
2008	758	108	102	52.851
2009	758	108	102	56.540
2010	758	108	100	61.680
2011	758	108	99	68.001
2012	759	76	72	79.292
2013	759	76	72	82.595
2014	759	76	72	104.706
2015	762	76	71	118.638
2016	829	83	77	144.533
2017	834	83	77	163.543
2018	781	78	71	166.349

Table: 45 Pruning Compensation

Deductible direct payments under programs that limit or reduce production under internal supports. Supports such as pruning compensation in tea are included in this category.

The investment incentive certificate is a document issued by the state to support investments in order to eliminate interregional imbalances, create employment and provide international competitiveness by using high value added, advanced and appropriate technologies by directing savings to investment. Investors who will invest in tea processing in the tea sector can benefit from state aid by obtaining investment incentive certificate. As the holder of the investment incentive certificate, the ability to compete in both national and international markets will be increased.

In the scope of investment incentive, the following supports are used:

SUPPORT ELEMENTS PROVIDED IN REGIONAL INCENTIVE APPLICATIONS								
Supporting Elements			REGIONS					
			1	2	3	4	5	6
VAT exception			✓	✓	✓	✓	✓	✓
Customs Duty Exemption			✓	✓	✓	✓	✓	✓
Tax Relief	Contribution To Investment Ratio * (%)	OSB and EB out of	-	-	-	-	-	50
		OSB and	-	-	-	-	-	55

		EB inside						
Insurance Premium Employer Share Support	OSB and EB Out of		-	-	-	-	-	10
	OSB and EB Inside		-	-	-	-	-	12
Investment Place Allocation			-	-	-	-	-	✓
Interest Support	Internal Loan		-	-	-	-	-	7
	Foreign Exchange / Foreign Currency Indexed Loan		-	-	-	-	-	2
Insurance Premium Worker Share Support			-	-	-	-	-	10
Income Tax Withholding Support			-	-	-	-	-	10

Table: 46 Supports Provided In Regional Incentive Applications

IPARD is the Rural Development component of the instrument for pre-accession assistance, created by the European Union (EU) to support candidate and potential candidate countries. It aims to support adaptation preparations and policy development for the implementation and management of the Common Agricultural Policy, Rural Development Policy and related policies of the European Union. For this purpose, grant support is provided by the agricultural and Rural Development Support Agency to real persons, farmers or their household members who are active in agricultural area who invest in the diversification of tea production, processing and packaging of tea products. 55% -65% of the total investment amount of the factory to be established within the scope of construction, machinery and equipment and consultancy is given to the investor as grant support. In addition the VAT to be paid for construction and machinery equipment has been exempted under the investment. Agricultural and Rural Development Support Agency supports investments in 42 provinces in Turkey. Support in Trabzon, Giresun and Ordu provinces in the eastern Black Sea region is implemented as 55%. The total eligible expenditure is EUR 500,000, of which EUR 275,000 is given as a grant.

Support of Rural Development Investments Programme; improving the income level in rural areas, agricultural production and Agro-Based Industry to ensure the integration of support for small and medium enterprises, agricultural marketing infrastructure development, food security, strengthening rural alternative sources of income in the creation of rural economic infrastructure, strengthening the dissemination of new technologies for use by manufacturers of agricultural activities, increasing the efficiency of rural development work ongoing, 50% grant support is provided under investments involving new technology to contribute to the building of local development capacity in the rural community.

SOURCE OF INFORMATION

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LIST WITH ABBREVIATIONS

ADA	Austrian Development Agency
AMD	Armenian Dram
CAP	Common Agricultural Policy
CARD	Center for Agribusiness & Rural Development
CJSC	Closed Joint Stock Company
CLLD	Community Led Local Development
DANIDA	Denmark International Development Agency
DCFTA	Deep and Comprehensive Free Trade Area
EaP	Eastern Partnership
EBRD	European Bank for Reconstruction and Development
EEN	Enterprise Europe Network
EFSE	European Fund for Southeast Europe
ENPARD	The European Neighbourhood Programme for Agriculture and Rural Development
EU	European Union
EUR	Euro
GmbH	Gesellschaft mit beschränkter Haftung
HACCP	Hazard Analysis and Critical Control Points
LLC	Limited Liability Company
NABU	Nature and Biodiversity Conservation Union, Germany

NGO	Non-Governmental Organisation
OASI	EU Organic Agriculture Support Initiative
EPAnEK	Operational Programme Competitiveness, Entrepreneurship and Innovation 2014-2020
RED NEO	Rural Economic Development – New Economic Opportunities Program
RDP	Rural Development Programme
RSS	Road Side Station
SME	Small and Medium Enterprise
SME DNC	Small and Medium Entrepreneurship Development National Center of Armenia
UN	United Nations
USA	United States of America
USD	United States Dollar
VAT	Value Added Tax
VET	Vocational Education and Training
USAID	United States Agency for International Cooperation