AGRICULTURAL AND RURAL DEVELOPMENT SUPPORT INSTITUTION TURKEY

MAY 2015 PODGORICA
Establishment of ARDSI: 18th May 2007
ARDSI Conferral of Management for IPARD 1:
29th August 2011

- Established by law No. 5648
- Public Legal Entity
- Administrative and financial autonomy
- Special budgeted administration
- Related Institution of Ministry of Food, Agriculture and Livestock

Agriculture and Rural Development Support Institution
Who are we?

AGRICULTURE AND RURAL DEVELOPMENT SUPPORT INSTITUTION (ARDSI)

An Accredited Institution by European Union

Objective: Implementation of IPARD Programme in order to help Agricultural holdings to reach EU Standards and help development of rural areas in Turkey.
PROVINCIAL COORDINATION UNITS

ARDSI PRESIDENT

PCU COORDINATOR

PROJECT APPLICATION MANAGEMENT UNIT
- Mid-Level Manager
- Application Handling Expert (S, J)
- Application Registration Officer

ON THE SPOT CONTROL UNIT
- Mid-Level Manager
- On The Spot Control Expert (S, J)

PAYMENT CLAIM PROCESSING UNIT
- Mid-Level Manager
- Payment Claim Expert (S, J)
- Payment Claim Registration Officer

SUPPORT SERVICES UNIT
- Support Services Expert
- Administrative Support Officer
- Archiving Officer
- Administrative Assistant
- Communication Expert

03 June 2013
**IPARD FIGURES AS OF TODAY**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Contracted Projects</td>
<td>7876</td>
</tr>
<tr>
<td>Total Investment Amount</td>
<td>1,232,865,211 EURO</td>
</tr>
<tr>
<td>Total Grant Amount to be given</td>
<td>709,847,577,6 EURO</td>
</tr>
<tr>
<td>Granted Amount so far</td>
<td>497,818,096,7 EURO</td>
</tr>
<tr>
<td>Number of Machinery Equipment</td>
<td>565,200</td>
</tr>
<tr>
<td>Total Employment</td>
<td>32,361</td>
</tr>
<tr>
<td>Direct Employment</td>
<td>14,356</td>
</tr>
</tbody>
</table>
II. IPARD PROGRAM

IPARD II (2014-2020)

- IPARD II PROGRAMME WILL BE IMPLEMENTED BETWEEN 2014-2020
- THE PROGRAMME WILL BE IMPLEMENTED IN 42 PROVINCES AGAIN
- TOTAL EU CONTRIBUTION IS PLANNED TO BE ABOUT 800 MILLION EURO

SECTORS TO BE SUPPORTED UNDER IPARD-II

101 / 103 / 302
AGRI-ENVIRONMENT-ORGANIC FARMING
RURAL INFRASTRUCTURE
TECHNICAL ASSISTANCE
II. IPARD PROGRAMI

IPARD II (2014-2020)

EU
801,000,000 EURO

TURKEY
267,000,000 EURO

TOTAL
1,068,000,000 EURO

TR CONTRIBUTION
% 12.5

EU CONTRIBUTION
% 37.5

FARMERS CONTRIBUTION
% 50
• The model Sectoral Agreement for IPA II assistance in the policy area 'agriculture and rural development' was formally adopted by Commission Decision C (2015) 1662 on 18 March 2015.

• We sent our comments regarding the model Sectoral Agreement via Ministry for EU Affairs.
• In that context, the following points will be changed in the draft for all countries as a way of clarification.

• Art. 41 – a specific provision to protect IPARD beneficiaries from reducing grants for debts; Art. 42 – exchange rates to be used for IPARD ceilings and Annex 4 – extra aid intensity for investments in waste/effluent treatments.
Geri çekilen

Değerlendirilen

Reddedilen

Uygun bulunan

Sözleşme imzalandı

IPARD II «ROLL OVER»
• For the measures 101, 103 and 302, the accreditation package was prepared for the request for entrustment type B. The accreditation package of IPARD II were reviewed by Coordination Unit of Internal Audit and submitted to NAO.

• During the preparation of accreditation package, the procedures of IPARD I were reviewed and updated in accordance with IPARD II Programme (e.g. the definition of recipients for measure 302, new sectors like mushrooms, eggs.)

• In addition to this, some minor changes were reflected into the procedures of IPARD II.
• Regarding major changes of the procedures, it will be prepared and send to NAO and Commission after roll-over (e.g. three offer rule)

• The accreditation package of measure 201-Agric-Environment- Climate and Organic Farming will be submitted in June and the preparation of the accreditation package of measure 301-Rural Public Infrastructure and 202-LEADER will be finalized and the accreditation package will be submitted till the end of this year.
• With regard to employment of staff of ARDSI, the total number of employees has been reached to 1803, of whom 299 have been employed at HQ and 1504 within 42 PCUs.

• With regard to institutional and vocational training, all of the ARDSI staff at HQ and PCUs has been continuously trained on both horizontal and technical topics. As of today the total number of organized trainings has been reached to 617 at HQ and 2577 at the PCUs.
## NUMBER OF TRAININGS BETWEEN 2008-2015

<table>
<thead>
<tr>
<th>Year</th>
<th>HQ</th>
<th>PCUs</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>27</td>
<td>3</td>
<td>30</td>
</tr>
<tr>
<td>2009</td>
<td>104</td>
<td>133</td>
<td>237</td>
</tr>
<tr>
<td>2010</td>
<td>94</td>
<td>581</td>
<td>675</td>
</tr>
<tr>
<td>2011</td>
<td>88</td>
<td>639</td>
<td>727</td>
</tr>
<tr>
<td>2012</td>
<td>182</td>
<td>940</td>
<td>1.122</td>
</tr>
<tr>
<td>2013</td>
<td>64</td>
<td>198</td>
<td>262</td>
</tr>
<tr>
<td>2014</td>
<td>46</td>
<td>77</td>
<td>123</td>
</tr>
<tr>
<td>2015</td>
<td>12</td>
<td>6</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td>617</td>
<td>2.577</td>
<td>3.194</td>
</tr>
</tbody>
</table>
THREE OFFER RULE
PROBLEMS CAUSED BY THREE OFFERS RULE

• The reality of costs is not recognizable from the offer itself.
• The difference between offers sometimes only the type of letters.
• Sometimes issued by not existing entities.
• Difficult to obtain.
• Affiliated companies.
• High workload on checking of offers.
• Influence of consultancy firms by obtaining of offers.
• High rejection rates because of mistakes in offers.
• Findings/financial corrections of Commission on offers.
OTHER EVALUATION METHODS

Evaluation committee

• Very circumstantial, slow evaluation.
• Not usable at large number of applications.
• Difficult to find the relevant experts.
• Not operative method.
• Findings/financial corrections of Commission on decisions of the committee
OTHER EVALUATION METHODS

Standard Costs in Construction Works (per M2/ per Head/ per ton) (Germany, Croatia)

- Difficulties on calculations for different types of buildings (only in measure 101 at least 6 different type of buildings)
- Not useable for some IPARD measures (esp. Measures 103 and 302)
- Difficult to find relevant amounts which are suitable for conditions of different regions of the country.
- Difficulties on ensuring the quality of construction/machines
- High workload on creating and updating of calculations.
OTHER EVALUATION METHODS
Using of Reference Costs (Price Databases)
(Hungary)

- Transparent, realistic, easy to use, faster than other methods,
- Decrease on workload of IPARD Agency,
- Possibility for selection of different type of machines and construction materials by the applicant
- Ensuring the quality of construction/machines

But:

- Risks of higher prices compared to the market.
- Difficult to convince the Commission on reliability of prices in databases
Three-offer Rule

PROPOSED COST EVALUATION METHOD BY TURKISH IPARD AGENCY

One Offer and Price Databases System

• Determination of reference cost (maximum acceptable price) per supportable object.
• Cost collection from market through one offer
• Using databases for checking of reliability of proposed costs.
  – Price database of ARDSI for machines,
  – Prices database of the Ministry for construction costs.
• The approved costs mustn’t exceed the reference prices
• If these databases do not contain the reference prices of the implemented operation, than the IPARD Agency should perform market research
OPINION OF THE COMMISSION ON PROPOSED COST EVALUATION METHOD BY TURKISH IPARD AGENCY

• J-5 Unit of the Commission accepted this proposal.
• But Turkish IPARD Agency has to prove:
  – Reliability of priced in database through an external audit for machines,
  – Reliability prices in database with example of other public tenders for construction costs.
Format of the business plans differ depending on whether amount of eligible expenditures is above or below of 500,000 TL in the IPARD I Program;

If total eligible expenditure amount of the project is 500,000 TL and below B1-Business Plan should be submitted.

If total eligible expenditure amount of the project is over 500,000 TL B2-Business Plan should be submitted.

For IPARD II Program, a new business plan (B3) is added to the procedures;

- This Business Plan template is valid only for Farm Diversification and Business Development (302) Measure applicants whose total eligible expenditures amount is 150,000 TL and below. B3 is a very simplified business plan which is consisted only four page.
CHECKING OF STANDARDS
Checking of Standards

✔ **Before contracting control** is performed on the spot, in order to verify the information and the documents (project data, ID, address etc.) submitted by the applicant in the application package and to control the current situation before the possible initiation of the project. Technical project analysis conducted before contracting period, is performed in order to check if the enterprise can provide national/EU hygiene and structural standards at the end of the investment, or not.

✔ **Before payment control** is performed in order to verify the compliance with national minimum standards along with EU standards regarding environmental protection, occupational safety, animal welfare, EU hygiene and structural standards. Above mentioned process is conducted through the related certificates issued by competent technical institutions submitted by the Beneficiary within the payment claim package during administrative controls.

✔ **Ex-post control** is performed in order to verify investment projects do not undergo substantial modifications within five years from the final payment and compliance with national minimum standards and EU standards regarding food hygiene, public health, animal health etc. Ex-post on the spot controls include controls of certificates (as given by below slides) and the project area.

CUPMC
# Checking of Standards

**Certificates controlled based on measures:**

**101 - Investments in Physical Assets of Agricultural Holdings**

<table>
<thead>
<tr>
<th>Certificate</th>
<th>Measure 101</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sector 101.1</td>
</tr>
<tr>
<td>Working Permit License or Working License</td>
<td>X</td>
</tr>
<tr>
<td>The investment complies with EU standards regarding milk hygiene, public health, animal health and animal welfare</td>
<td>X</td>
</tr>
<tr>
<td>The manure stored and managed in compliance with the EU standards</td>
<td>X</td>
</tr>
<tr>
<td>The waste is being treated according to the EU standards</td>
<td>X</td>
</tr>
<tr>
<td>Animal Registration System</td>
<td>X</td>
</tr>
<tr>
<td>Farmer Registration System</td>
<td>X</td>
</tr>
<tr>
<td>The investment complies with EU standards regarding environmental protection</td>
<td>X</td>
</tr>
<tr>
<td>The investment complies with EU standards regarding occupational safety</td>
<td>X</td>
</tr>
<tr>
<td>Insurance policy</td>
<td>X</td>
</tr>
<tr>
<td>Distribution System Usage Agreement</td>
<td>X</td>
</tr>
</tbody>
</table>
## Checking of Standards

### Certificates controlled based on measures:

**103 - Investments in Physical Assets Concerning Processing and Marketing of Agricultural and Fishery Products**

<table>
<thead>
<tr>
<th>Certificate</th>
<th>Measure 103</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sector 103.1</td>
</tr>
<tr>
<td>Business and Working Permit License</td>
<td>X</td>
</tr>
<tr>
<td>Production Permit License</td>
<td>X</td>
</tr>
<tr>
<td>Working Permit and Food Registry License/Business Registration Document</td>
<td>X</td>
</tr>
<tr>
<td>The beneficiary meets the conditions foreseen by the Law No:5957 and its subsequent modifications</td>
<td>X</td>
</tr>
<tr>
<td>Environmental Permit Certificate or Environmental Permit License Certificate</td>
<td>X</td>
</tr>
<tr>
<td>The investment complies with EU standards regarding environmental protection</td>
<td>X</td>
</tr>
<tr>
<td>The investment meets all EU hygiene (with the exception of raw milk) and structural standards (referring to EC 852/2004, EC 853/2004)</td>
<td>X</td>
</tr>
</tbody>
</table>

CUPMC
## Checking of Standards

**Certificates controlled based on measures:**

103 cont.

<table>
<thead>
<tr>
<th>Certificate</th>
<th>Measure 103</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Union Standards Certificate for Red Meat Slaughterhouses</td>
<td>X</td>
</tr>
<tr>
<td>European Union Standards Certificate for Red Meat Processing and Marketing Enterprises</td>
<td>X</td>
</tr>
<tr>
<td>European Union Standards Certificate for Poultry Slaughterhouses</td>
<td>X</td>
</tr>
<tr>
<td>European Union Standards Certificate for Poultry Processing and Marketing Enterprises</td>
<td>X</td>
</tr>
<tr>
<td>European Union Standards Certificate For Fruit And Vegetable Processing And Marketing Enterprises</td>
<td>X</td>
</tr>
<tr>
<td>The investment complies with EU standards regarding occupational safety</td>
<td>X</td>
</tr>
<tr>
<td>Insurance policy</td>
<td>X</td>
</tr>
<tr>
<td>Distribution System Usage Agreement</td>
<td>X</td>
</tr>
</tbody>
</table>
## Checking of Standards

*Certificates controlled based on measures:*

### 302 - Farm Diversification and Business Development

<table>
<thead>
<tr>
<th>Certificate</th>
<th>Measure 302</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sector 302.1</td>
</tr>
<tr>
<td>Business and Working Permit License</td>
<td>X</td>
</tr>
<tr>
<td>Production Permit License</td>
<td>X</td>
</tr>
<tr>
<td>Working Permit and Food Registry License/Business Registration Document</td>
<td>X</td>
</tr>
<tr>
<td>Queen Bee Breeding License</td>
<td>X</td>
</tr>
<tr>
<td>Environmental Permit Certificate or Environmental Permit License Certificate</td>
<td>X</td>
</tr>
<tr>
<td>Tourism Operating License</td>
<td>X</td>
</tr>
<tr>
<td>Farmer Registration System</td>
<td>X</td>
</tr>
<tr>
<td>Aquaculture Producer Certificate</td>
<td></td>
</tr>
<tr>
<td>Insurance policy</td>
<td>X</td>
</tr>
<tr>
<td>Distribution System Usage Agreement</td>
<td>X</td>
</tr>
</tbody>
</table>
CONSTRUCTION PERMITS
Construction Permits

✓ Construction license may be given by related organizations like Municipalities, Special Provincial Administrations or Organized Industrial Zone Legal Entities.
✓ All necessary drawings (architectural, statitical, electrical and sanitary installations etc.) and other official documents are submitted by the to the related body to be controlled.

✓ After control, when all drawings are approved, stamped and signed, the construction license is given to applicants.
✓ Applicants submit approved drawings and construction license in application package to ARDSI.
✓ In addition, quantity survey and cost estimate tables are included in the package. After evaluation of the project and signing of the contract, the construction begins.
✓ During implementation period, types and amounts of construction works are controlled and recorded regularly by On The Spot Control Experts.
✓ Following completion of construction, applicants apply for Certificate of Occupancy to the authorized organizations mentioned above.
✓ Necessary controls are performed to check the compatibility between construction and drawings and legislations in force.
✓ After applicants get Certificate of Occupancy for their construction, they are supposed to submit that certificate in Payment Claim Package to ARDSI with other required official documents.”
ARDSI is in cooperation with three main technical bodies:
- Ministry of Food, Agriculture and Livestock
- Ministry of Environment and Urbanism
- Ministry of Labor And Social Security

ARDSI has signed protocols with 22 Institutions these technical bodies during IPARD-1 implementation period. In generally, these Institutions has given related documents and certificates which show that the beneficiary meet requirements of general and specific eligibility criteria stated in IPARD Program. All protocols signed with 22 public Institutions will be in force during IPARD-2 implementation period.
THANK YOU

ADNAN UZUNPINAR
General Coordinator for Project Services of ARDSI (IPARD Agency)
THANK YOU