

Ministry of Agriculture and Rural Development

**Complement to the Sectoral
Operational Programme
*Restructuring and Modernization
of the Food Sector and Rural
Development
2004-2006.***

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INTRODUCTION

The Complement to the Sectoral Operational Programme ‘Restructuring and Modernization of the Food Sector and Rural Development 2004-2006’, hereinafter referred to as ‘the SOP Complement’ has been drawn up based on Art. 18 of Reg. No. 1260/1999/EC of 21 June, 1999 laying down general rules for structural funds (OJ L 161/1, 26.6.1999)^{*)} as well as Art. 11 of the Act on National Development Plan of 20 April, 2004 (Journal of Laws No. 116 item 1206). The SOP Complement defines in particular the beneficiaries, the amount scope and conditions for granting aid in the frames of particular Measures, financial plan as well as the systems of implementing, monitoring and evaluation.

The Sector Operational Programme **Restructuring and Modernization of the Food Sector and Rural Development, hereinafter referred to as the ‘SOP’** constitutes one of the elements of the socio-economic development strategy defined in the National Development Plan for the years 2004-2006 (NDP).

Structural transformations in agriculture and the food sector as well as the sustainable development of rural areas are among the most important challenges that Poland is facing at the moment.. This results from the important role of agriculture in the Polish economy and a great extent of adjustments necessary to engage the whole food sector in competition on the Single European Market.

Taking into account the fundamental objective of the structural policy, which is to improve the economic and social cohesion at the internal (domestic) and external (within the EU) levels, it is necessary to intensify actions aimed at closing the gap between the development levels of rural and urban areas.

The objectives laid down in the SOP strategy, namely:

- 1) increasing competitiveness and sustainability of the agricultural sector,
- 2) supporting the processing industry to improve its competitive position,
- 3) strengthening the multifunctional rural development,

shall be implemented within a framework of three priorities.

These priorities include:

- 1) support of changes and adjustments in agri- food sector.
- 2) sustainable development of rural areas.
- 3) technical assistance.

SOP covers the years 2004-2006 and its implementation will be based on the EU funds from European Agricultural Guidance and Guarantee Fund (EAGGF) – Guidance Section jointly with the national funds (state budget, local government funds and beneficiaries’ funds).

The total public expenditure under the SOP will amount to MEUR 1784,15 of which MEUR 1192,69 will come from the EU funds and MEUR 591,46 will be provided from national public funds¹.

The SOP Complement defines in detail the principles of implementing the Measures included in the Programme.

¹ According to prices for 2004, in euros against EC deflator (deflator=1,130288298)

Both the Sectoral Operational Programme and its Complement have been developed based on the **acquis communautaire** currently in force, and in particular based on the following Regulations:

- 1) Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on Structural Funds;
- 2) Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from EAGGF and amending and repealing certain Regulations (OJ L 160/80 of 26.06.1999)*;
- 3) Commission Regulation (EC) No 817/2004 of 29 April 2004 laying down detailed rules for the application of Council Regulation (EC) No 1257/1999 on support for rural development from EAGGF (OJ L 153/30 of 30.04.2004)*;
- 4) Commission Regulation (EC) No 1685/2000 of 28 July 2000 laying down detailed rules for the implementation of Council Regulation (EC) No 1260/1999 as regards eligibility of expenditure of operations co-financed by the Structural Funds (OJ L 193 of 29.07.2000)*;
- 5) Council Regulation (EC) No 1783/2003 of 12 July 1999 on the European Regional Development Fund (OJ L 213 of 13.08.1999)*;
- 6) Commission Regulation (EC) No 963/2003 of 4 June 2003 amending Regulation (EC) No 445/2002 laying down detailed rules for the implementation of Council Regulation (EC) No 1257/1999 on support for rural development from EAGGF (OJ L 138/32 of 05.06.2003)*;
- 7) Commission Regulation (EC) No 448/2004 of 10 March 2004 amending Regulation (EC) No 1685/2000 of 28 July 2000 laying down detailed rules for the implementation of Council Regulation (EC) No 1260/1999 as regards eligibility of expenditure of operations co-financed by the Structural Funds and withdrawing Regulation (EC) No 1145/2003 (OJ L 72/66 of 11.03.2004)*.

CHAPTER 1. OBJECTIVES OF THE SOP AND STRATEGY OF THEIR ACHIEVEMENT

Structural transformations in agriculture and fisheries as well as development of rural areas constitute one of the social and economic development axes of the National Development Plan (NDP). Other NDP priorities include: improvement of the competitiveness of enterprises, development of human resources and employment, provision of conditions for increasing investment, promotion of sustainable development and spatial cohesion, strengthening the regional development potential and counteracting marginalization of certain areas.

The Sectoral Operational Programme is in line with the strategic principles of the NDP; it constitutes a primary instrument for implementation of tasks related to transformations in the sector and comprises (alongside other sectoral programmes and the Integrated Regional Operational Programme) various tasks related to rural development.

The characteristics of the current development of rural areas and the sector presented in the introductory part of the SOP, and the analysis of existing problems and development opportunities in these areas allowed the formulation of three primary objectives. These have been defined as follows:

OBJECTIVE 1. Increasing the competitiveness and sustainability of the agricultural sector

While Poland's accession to the European Union and incorporation of the Polish agricultural sector into the Single European Market broaden the marketing opportunities for domestic agricultural produce, it also means intensified competition. Taking into account the structural weaknesses of Polish agriculture, resulting from fragmented agrarian structure, low technological level of production, underdeveloped market links, labour surplus and insufficient level of producers' education it is necessary to support measures fostering the enhancement of competitiveness of Polish agriculture on the Single European Market and the world markets. Support is expected to enhance the competitiveness of the Polish agricultural sector through the market orientation of production, adjustment of the entities operating in the agricultural sector to the EU requirements on hygiene and food safety, environmental protection and animal welfare, improvement of agrarian structure as well as improvement of the level and professional skills of the farmers and other persons working in agriculture.

Improvement of competitiveness of the agricultural sector resulting from modernization of farm holdings, better usage of the means of production, reduction of production costs, its proper market orientation as well as diversification of the activities will contribute to an income increase in agriculture and therefore to the improvement of the financial standing of farmers' families.

Sustainable agricultural development is inscribed into the concept of increasing economic, social and spatial cohesion on a regional, national and the European Union scale. Due to the role of agriculture in the Polish economy and the number of people employed in this sector, the improvement of competitiveness as well as its sustainable development are of crucial significance to the socio-economic situation of the country.

OBJECTIVE 2. Supporting the processing industry to improve its competitive position

In view of Poland's accession to the European Union the agri-food processing industry shall also face an intensified competition pressure. The Polish food processing industry features underdeveloped market links, insufficient level of technical and technological equipment and know-how as well as loopholes in compliance with certain EU requirements. Therefore, in order to enhance the competitiveness of the food processing sector and better use of the opportunities created by the broadening of the outlets for Polish agricultural products, it is essential to modernize the sector through improvement of production quality, its market orientation as well as adapting the processing industry to the EU hygiene and food safety, environmental protection and animal welfare standards.

OBJECTIVE 3. Strengthening the multifunctional rural development

Sustainable development means pursuit of development policy in a manner ensuring the long-term stability of social, economic and cultural structures.

Sustainable development of rural areas is associated with a concept of multi-functionality based on promotion of the non-agricultural functions of rural areas, provision of conditions for diversified economic activities, environmental and landscape protection, preservation of traditions and cultural heritage, as well as development of social and cultural functions, and social and technical infrastructure.

Support of sustainable development will increase the attractiveness of rural areas as a place to live and work in and contribute to the reduction of unemployment in rural areas. Furthermore, it will allow modeling agricultural production in accordance with environmental protection and landscape preservation requirements.

The structure of the operational programmes adopted by Poland for the 2004 - 2006 programming period provides for implementation of the socio - economic development strategy within single fund sectoral programmes and the **Integrated Regional Operational Programme (IROP)**. Due to the adopted structure of operational programmes and a defined intervention area of individual structural funds, the support of agriculture and rural areas development tasks will not only be implemented through SOP but also through the remaining operational programmes.

Moreover, apart from the structural support, the **Rural Development Plan** shall be implemented, co-financed by EAGGF – Guarantee Section (the total amount of public funds available under the Rural Development Plan will total up to MEUR 3,563² over 2004-2006).

Objective 1 – Improvement of the competitiveness and sustainability development of the agricultural sector – will be implemented through the Measures provided in SOP **Restructuring and Modernization of the Food Sector and Rural Development** (with EAGGF – Guidance Section co-funding) and the **Rural Development Plan (RDP)**.

² Based of 2004 prices

Objective 2 – Support of the processing industry to improve its competitive position – will be implemented within **SOP Restructuring and Modernization of the Food Sector and Rural Development** framework.

Objective 3 – Support of the multifunctional rural development – will be implemented under the SOP and RDP as well as through other sectoral programmes and IROP. Actions planned under the above programmes, relating to the improvement of the social and technical infrastructure and environmental protection, support of small and medium enterprises as well as human resources development may have a significant impact on the improvement of living conditions and business activities in rural areas.

The **SOP Restructuring and Modernization of the Food Sector and Rural Development** will implement the above strategic objectives through fifteen Measures, grouped into the following priorities.

Priority I. Supporting changes and adjustments in the agricultural and food sector

Priority I relates to measures for restructuring and modernization of the agri-food sector, undertaken to improve its competitiveness and profitability, to ensure safety and appropriate quality of production and to adjust the sector to the EU requirements.

The priority shall be implemented both through direct investment support and through provision of training and advisory services. Investment support shall particularly relate to adjustment of agricultural production conditions to the EU standards, stimulation of improvement in the quality of agricultural products and modeling production processes to comply with environmental protection requirements. Training and advising shall help create conditions for the rational and full utilisation of instruments available to agriculture and rural areas in view of EU integration.

The following measures will be implemented within Priority I:

- 1) investment in agricultural holdings,
- 2) setting-up of young farmers,
- 3) training,
- 4) support for agricultural advisory and extension services,
- 5) improving the processing and marketing of agricultural products,

The implementation of the above priority will be closely related to measures available under the Rural Development Plan, implemented with the use of EAGGF – Guarantee Section funds.

Priority II. Sustainable development of rural areas

The sustainable rural development concept assumes supporting diversified business activities undertaken in those areas and modeling them so as to ensure preservation of environmental and cultural values, as well as improvement of living standards through development of infrastructure, providing the residents and entrepreneurs with access to services and development of the social and cultural function of rural areas.

The support granted under this priority will serve the improvement of rural physical development, making rural areas more attractive to settle and commence business in, new job generation and reduction of rural unemployment as well as creating new sources of income for the rural population.

The following measures will be implemented under Priority II:

- 1) 2.1. 'Restoring forestry production potential damaged by natural disasters or fires and introducing appropriate prevention measures',
- 2) 2.2. 'Land re-parceling',
- 3) 2.3. 'Rural renewal and the protection of cultural heritage',
- 4) 2.4. 'Diversification of agricultural activities and activities close to agriculture to provide for multiple activities and alternative incomes',
- 5) 2.5. 'Agricultural water resource management',
- 6) 2.6. 'Development and improvement of technical infrastructure related to agriculture',
- 7) 2.7. 'Leader + type Measure'.

Measures related to stimulation of rural development will also be implemented under the remaining Sectoral Operational Programmes, the Integrated Regional Operational Program and the Rural Development Plan.

Priority III. Technical Assistance

Priority III includes the following Measures:

- 1) 3.1. 'Support for the SOP management and implementation system',
- 2) 3.2. 'Institutional development',
- 3) 3.3. 'SOP information and publicity',

CHAPTER 2. EX-ANTE EVALUATION FOR THE SOP COMPLEMENT

The ex-ante evaluation was carried out in compliance with Articles 40 and 41 of Council Regulation (EC) No 1260/1999. The subject of the evaluation was the draft Complement of the Sectoral Operational Programme **Restructuring and Modernization of the Food Sector and Rural Development** (version of April 2003).

The ex-ante evaluation, commissioned by the Ministry of Agriculture and Rural Development (MARD), was carried out by an independent evaluator that was awarded the public procurement contract. The evaluation was carried out by Europejskie Centrum Doradztwa i Szkoleń (European Consulting and Training Centre). Experts representing various Polish research centres took part in the preparation of the analysis.

The evaluation concerned the following fields of investigation:

- 1) coherence between the Sectoral Operational Programme and the SOP Complement;
- 2) compliance with the **acquis communautaire**,
- 3) coherence of the objectives, priorities and measures with Community policies, Polish policies and the strategy of the National Development Plan,
- 4) economic, social and environmental impact of the proposed measures,
- 5) evaluation of effectiveness of the proposed institutional system,
- 6) identification of risks related to the Programme implementation.

Detailed results of the ex-ante evaluation were included in the document entitled **Ex-Ante Evaluation of the Complement to the Sectoral Operational Programme ‘Restructuring and Modernization of the Food Sector and Rural Development’**.

The summary of the ex-ante evaluation together with the information regarding the changes, introduced in the SOP documentation, resulting from the recommendations given by the evaluators, are presented below.

Evaluation of coherence between the SOP and the SOP Complement.

The subject of the evaluation was the draft SOP Complement of April 2003 and the draft Sectoral Operational Programme of November 2003. The team of evaluators pointed out significant discrepancies between the two documents regarding priorities, Measures, specific objectives and breakdown of funds.

The discrepancies between the Sectoral Operational Programme and its Complement were due to the time span between the preparation of the two documents. At the current stage of the programming process both documents are fully coherent.

Evaluation of SOP Complement compliance with the *acquis communautaire*

The evaluation team concluded that the SOP Complement is, in its substantial and legal aspects, compliant with the Community law, i.e. with Council Regulation (EC) No 1260/1999, Council Regulation (EC) No 1257/1999, and Commission Regulation (EC) No 817/2004.

Evaluation of coherence of the objectives, priorities and measures with the strategy of the National Development Plan, Community policies and national policies

Compliance with the National Development Plan

The team of evaluators concluded that the SOP Complement is compliant with the National Development Plan.

Compliance with the Rural Development Plan

It was concluded that the SOP Complement is compliant with the Rural Development Plan (RDP). The compliance concerns in particular the strategic objectives for the development of rural areas and instruments for their implementation. The team of evaluators concluded that splitting the support for agriculture and rural areas into two programmes as well as other Community support instruments may obstruct the uniformity of regional and national policies. Moreover, it was observed that the implementation of the two programmes within one managing authority will help coordinate the planned measures.

Compliance with Polish policies

It was pointed out that the SOP Complement is compliant with Polish policies, including the strategic document **The Coherent Structural Policy for Rural and Agriculture Development**, approved by the Council of Ministers on 13 July, 1999.

2.2. Evaluation of the proposed measures with regard to their economic, social and environmental impact on rural areas

Impact on the economic situation in rural areas

The SOP covers restructuring and modernization tasks parallel to supporting tasks. The team of evaluators analysed the measures within the two groups of tasks with regard to their potential impact on the economic situation in rural areas. Particular attention was drawn to employment issues, indicating that a range of measures may directly or indirectly influence the development of non-agricultural sources of income for the population. Additionally, the team of evaluators emphasized the influence of the Programme on the improvement of competitiveness of the sector in the process of integration with the EU.

In general, it was concluded that the implementation of the SOP in its currently proposed form would improve the prospects for development in rural areas.

Impact on the social situation in rural areas

The team of evaluators stated that the measures proposed within the SOP might have a positive impact on the social situation in rural areas. Increase in income and improvement of living conditions in rural areas due to structural changes and modernization may restore the professional prestige of a farmer, whereas sustainable development of rural areas might have a positive influence on the socio-demographic structure of rural areas. Implementation, as part of the SOP, of the measure 2.4. **'Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative**

incomes may have a positive impact on the social situation, e.g. occupational activation of a certain proportion of the unemployed or people not fully exploited at work in agricultural holdings as well as increased interest in economic activities other than those related to agriculture. An important aspect of the Programme with regard to social issues covers activities regarding improvement of professional qualifications and advisory services. Moreover, it was pointed out that an important role in formulating appropriate social attitudes should be attributed to **Measure 2.3. 'Rural renewal and the preservation and protection of cultural heritage'** and **Measure 2.7. 'Leader + type Measure'**.

Impact on the environment in rural areas

One of the priorities of the SOP is sustainable development of rural areas. The team of evaluators concluded that the planning of particular measures is compliant with the requirements for the protection of natural environment. Some of the measures included in the SOP, such as **Measure 2.6. 'Development and improvement of infrastructure related to agriculture'** and **Measure 2.5. 'Agricultural water resources management'**, will have a direct impact on the improvement in the environment, whereas other, e.g. **Measure 1.1. 'Investment in agricultural holdings'** or **Measure 1.5. 'Improving processing and marketing of agricultural products'**, will be implemented with the view to the requirements of the environment protection. It was pointed out that a variety of Measures included in the SOP, and in particular **Measure 1.3. 'Training'**, **Measure 1.4. 'Agricultural advisory and extension service support'** and **Measure 2.7. 'Leader + type Measure'** or **Measure 2.3. 'Rural renewal and the preservation and protection of cultural heritage'**, will stimulate ecological awareness of the communities and encourage the preservation of natural and cultural heritage of rural areas.

The team of evaluators has stated that the implementation of the Programme will not have a negative impact on environment; on the contrary, it will promote positive results.

Evaluation of the proposed institutional system

Due to the differences between the institutional systems suggested for the implementation of particular measures, the team of evaluators carried out the evaluation of the SOP implementation system against groups of Measures determined from the point of view of the Implementing Institution.

Measures implemented by the Agency for Restructuring and Modernization of Agriculture (ARMA)

The team of evaluators concluded that the implementation system for the following Measures: **'1.1. Investment in agricultural holdings'**, **'1.2. Setting up of young farmers'**, **'1.5. Improving processing and marketing of agricultural products'**, **'2.4. Diversification of agricultural activity and activities close to agriculture to provide multiple activities or alternative incomes'**, **'2.6. Development and improvement of infrastructure related to agriculture'** and **'2.1. Restoring forestry production potential damaged by natural disaster and fire and introducing appropriate prevention instruments'** should be regarded as the proper one. The Agency for Restructuring and Modernization of Agriculture proposed as an Implementing Institution has considerable experience in this respect gained from the implementation of the SAPARD Programme (measures such as **Measure 1.1. 'Investments in agricultural holdings'** as well as **1.5. 'Improvement in processing and**

marketing of agricultural products’ and 2.4. ‘Diversification of economic activities in rural areas’).

In the opinion of the team of evaluators, the role of agricultural advisory services centres should be taken into consideration in the implementation of all the measures listed above. The experience gained during the implementation of the SAPARD Programme indicates the need to provide assistance for potential beneficiaries preparing applications for aid to co-finance a project, owing to significant formal requirements to be complied with by a potential beneficiary. It was thus recommended that the forms and procedures be simplified, which according to the team of evaluators may have a favourable effect on the absorption of assistance funds.

Furthermore, it was pointed out that information and promotion measures related to the SOP implementation should be initiated, which is of particular importance due to little awareness of potential beneficiaries of the possibility of obtaining assistance within the SOP.

Measures implemented by the Foundation of Assistance Programmes for Agriculture (FAPA)

The team of evaluators has assessed that FAPA is prepared adequately for the implementation of the following measures: 1.3. **‘Training’** and 1.4. **‘Agricultural advisory and extension service support’**. The Foundation of Assistance Programmes for Agriculture has considerable experience in the matter and it seems to have the resources necessary to launch tasks for the implementation of the measures listed above.

As far as the Measure 1.3. **‘Training’** is concerned, the evaluators expressed their doubts regarding the form of assistance, i.e. the reimbursement of beneficiary’s (i.e. training institution) costs up to the amount determined in the agreement. It was proposed to consider the possibility of paying advances for training projects, as the project providers will in most cases be agricultural advisory services centres and agricultural chambers, which may face problems with efficient implementation of the training projects due to their financing arrangements.

Paying advances for undertakings implemented in the framework of training projects as well as other projects within the remaining measures was not provided for in the Sectoral Operational Programme. However, it should be emphasised that a given undertaking can be divided into stages, in order to limit the necessity of full financial involvement on the part of the beneficiary.

Measures implemented by the bodies of voivodship self-government

Regarding the implementation system for the Measure 2.3. **‘Rural renewal and the preservation and protection of cultural heritage’**, the team of evaluators found it appropriate and compliant with the requirements. Other remarks of the evaluators are not applicable to the current version of the measure description.

Regarding the Measure 2.5. **‘Agricultural water resources management’**, it was concluded that voivodship self-governments are responsible for formulating regional policies in the voivodships. Thus, self-governments are competent with regard to the issues concerning water management and it is appropriate to assign the measure implementation to them.

Regarding Measure 2.2. '**Land re-parcelling**', the team of evaluators underlined that it was within the responsibilities of self-governments; nevertheless, it was recommended to consider the possibility of setting up separate implementation units.

Identification of risks related to the SOP implementation

The team of evaluators carrying out the ex-ante evaluation identified the risks related to the SOP implementation by particular Measures.

Measure 1.1. 'Investment in agricultural holdings'

It was concluded that the risk might include limited accessibility of aid (the requirement for the holding to comply with the criterion of economic viability), which might result in the discontent of those ineligible for aid. Thus, it can be expected that the implementation of the measure will result in intensified polarization of the agricultural holding structure. The team of experts also noted the need to launch the Measure as quickly as possible.

As the measure covers projects generating income, according to the key principle governing the structural funds, the beneficiary is required to co-finance the project at the level of at least 50% of the eligible costs of the project. Therefore, entrepreneurial farmers who possess sufficient financial resources will be able to draw on the aid.

Measure 1.2. 'Setting up of young farmers'

In the team of evaluators' opinion eliminating the category of eligible costs from the Measure enables voluntary utilisation of the financial resources. Similarly as for the Measure 1.1. '**Investment in agricultural holdings**', the team emphasised the risk of limited accessibility of aid, and suggested that the amount of premiums be reduced to enable an increase in the number of beneficiaries. The remark was included in the present version of the SOP Complement.

The provisions laid down in Council Regulation (EC) No 1257/1999 do not oblige the Member States to draw up a list of eligible costs for Measure 1.2. '**Setting up of young farmers**'.

Measure 1.3. 'Training'

The team of evaluators regarded late implementation of the measure as a considerable risk for this measure.

The Sectoral Operational Programme may be launched only after a given state has become the member of the EU. At the same time it should be borne in mind that SOP may be implemented only after the conclusion of contracting the resources within the SAPARD Programme.

Measure 1.4. Agricultural advisory and extension service support

It was pointed out that major risks for the implementation of the measure are as follows:

- 1) insufficient amount of financial resources,

- 2) inadequate organisational and legal status of agricultural advisory and extension services centres and other public advisory services for the tasks imposed,
- 3) financing the measure only as the cost reimbursement.

Measure 1.5. ‘Improving processing and marketing of agricultural products’

The team of evaluators concluded that this measure does not fit into the concept of regional development and hence it may lead to lobbying by particular regions. The use of financial aid according to the principles adopted for the Measure can, by definition, stimulate the development of major agri-food processing plants and eliminate smaller local processing plants of a complementary character.

According to the Ministry of Agriculture and Rural Development (MARD), introducing the minimum limit of PLN 100,000.00 to the current version of the SOP Complement allows smaller processing plants to draw on aid as well. At the same time, following the principle of funds concentration, it is necessary to channel financial resources in such a way as to best achieve the objectives of the Measure.

Measure 2.1. ‘Restoring forestry production potential damaged by natural disaster and fire and introducing appropriate prevention measures’

The team of evaluators considered the Measure in question as the one of a single and incidental character. If the programming team adopted a different approach to the measure under evaluation, providing for the exploitation of its actual potential, it could become a viable instrument for the overall encouragement of sustainable development of rural areas.

The current version of the SOP Complement includes a provision that aid granted under the Measure concerned may, in addition to those listed under the measure, also cover other areas destroyed by natural disasters or fire.

Measure 2.2. ‘Land re-parcelling’

The team of evaluators pointed out to the need for changes in the existing legal and organisational arrangement, i.e. establishment of new organisational units responsible for implementing investment projects aimed at forming agricultural production area and rural areas in Poland. It would be desirable to set up integrated projects of rural development including agricultural area.

The observations are of the systemic nature and their implementation would involve considerable legislative and administrative modifications. Thus, the observations cannot be included in the preparation of the SOP Complement, which is based on the provisions currently in force in Poland.

Measure 2.3. ‘Rural renewal and the preservation and protection of cultural heritage’

It was pointed out that the risks behind the absorption of aid envisaged for this Measure might involve the following:

- 1) the need to estimate expenditures and to cover the costs of operation after finalising the investment,
- 2) poor access to information regarding aid programmes,

3) complex tender procedures under restricted time schedules for project implementation.

Currently, information action and consulting meetings are being organised with regard to the Measure.

Measure 2.4. ‘Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes’

It was pointed out that increasing the aid level for the Measure to PLN 300,000.00 and introducing a new category of aid beneficiaries (legal entities) may result in an insufficient supply of funds for small and medium agricultural holdings. Furthermore, increasing the upper limit of aid will considerably reduce the number of potential project providers, thereby limiting a positive impact of the Measure on the social, economic and environmental situation in rural areas.

In the current version of the SOP Complement the maximum level of financial aid was lowered to PLN 100,000.00.

Measure 2.5. ‘Agricultural water resources management’

The team of evaluators concluded that there were no risks behind the implementation of the Measure **Agricultural water resources management**. The tasks will be carried out by specialist units with several decades of experience in successful performance of land improvement works. The units are equipped with technical and organisational facilities in the form of appropriate local services; with full confidence that they can be entrusted with the implementation of the tasks.

Measure 2.6. ‘Development and improvement of the infrastructure related to agriculture’

It was indicated that the measure implementation may result in the occurrence or intensification of social antagonisms as well as intensified economic polarisation among inhabitants of rural areas.

As the measure covers projects generating income, according to the principle governing the structural funds, the beneficiary is required to co-finance the project. It should also be emphasised that the implementation of the measure supports farmers’ activity.

Measure 2.7. ‘Leader + type measure’

The risk for the functioning of the Leader+ Programme may be related to taking over leadership in Local Action Groups by local and regional authorities and using the Groups to pursue their interests and short-term objectives (instead of strategic ones). To prevent such situations, intensive educational action should be launched to attract creative individuals who are capable of participating in taking decisions on the future of particular regions and associating their future with the regions.

Information action regarding the Measure is currently being implemented under the project of the Office of the Committee for European Integration and the Cooperation Fund. The primary

objective of the project is to disseminate information and promote Leader + Initiative among local communities.

2.5. Detailed recommendations for particular Measures and ‘Technical Assistance’ Priority

Measure 1.1. ‘Investment in agricultural holdings’

No	Recommendation of the team of evaluators	MARD position
1.	Eligible costs within the Measure should also cover the „purchase of production quotas”.	The purchase of production quotas was excluded from the group of eligible costs within the Measure upon European Commission’s request
2.	Beneficiary’s upper age limit should be determined.	Although beneficiary’s upper age limit was not included in the Measure, the provision was introduced that aid shall not be granted to the retired people and pensioners permanently unable to work.
3.	There are no restrictions regarding particular sectors of agricultural production.	The aid within the measure can be granted for undertakings related to production of agricultural products listed in Annex I to the Treaty establishing the European Community.

Measure 1.2. ‘Setting up of young farmers’

No	Recommendation of the team of evaluators	MARD position
1.	Lowering the upper limit of premium to PLN 35,000.00 – PLN 50,000.00 should be considered, which will lead to an increase in the number of the Measure beneficiaries.	The observation was included – the current maximum aid limit is PLN 50,000.00.
2.	The list of costs eligible for support within the Measure should be expanded.	In the current version, the Measure shall be implemented by paying premiums not related directly to investments.
3.	With regard to meeting the criteria for access to aid, simplification of the vocational skills criterion should be considered, by determining two groups – individuals with agricultural and non-agricultural educational background.	The vocational skills criterion was determined by the line Departments of the Ministry of Agriculture and Rural Development competent for specification of agricultural qualifications. Moreover, the experience gained in the implementation of the SAPARD Programme also was taken into account in the determination of the qualification criterion.

Measure 1.3. ‘Training’

No	Recommendation of the team of evaluators	MARD position
1.	The amount of expenditure on equipment and teaching aids necessary for training should be limited to 10% of the total eligible costs of the project. It will be expedient to include the provision of single equipment purchase, regardless of the number of projects the	The provision on single reimbursement of purchase costs of equipment and teaching aids necessary for training, regardless of the number of training projects implemented, was included in the current version of the Programme Complement.

	training institution takes part in.	
2.	Between 2004-2006 financial resources should be channelled primarily to farmers.	In the current programming period 2004-2006, the projects within the Measure shall primarily focus on farmers.
3.	Within the project selection criteria, the criterion of the “opinion of participants in previously organised training sessions” should not be included as its importance has been limited in the hitherto policy of monitoring training activities.	The criterion in question is a part of the criterion Applicant’s former experience in providing training for farmers within the project selection criteria. It shall be noted that the opinions of the participants in previously organised training sessions are an effective way of verifying the applicant’s experience.

Measure 1.4. ‘Agricultural advisory and extension service support’

No	Recommendation of the team of evaluators	MARD position
1.	The possibility of paying advances for projects implemented under the Measure in question should be considered.	Owing to limited capacities of pre-financing this type of projects from the Polish national budget, the possibility of paying advances for projects implemented under the Measure was excluded from the current programming period. This also applies to the remaining Measures under the SOP.
2.	It is necessary to increase the resources for the Measure implementation by 50%, i.e. to the amount of € 75,000,000.00, as the implementation may be of key importance for the implementation of other Measures within SOP and RDP.	The total amount for implementation of the Measure was already increased previously to € 50,000,000.00 in relation to the initial allocation.
3.	The information stage of the Measure should be moved to Measure 1.3. ‘ Training ’.	Information and promotion actions under the SOP are a support element included in ‘ Technical Assistance ’ Priority.

Measure 1.5. ‘Improving processing and marketing of agricultural products’

No	Recommendation of the team of evaluators	MARD position
1.	Owing to the limited range of beneficiaries, inclusion of new sectors and adoption of the upper aid limit at PLN 20,000,000 should be considered.	The observation was included in the current version of the SOP Complement.
2.	It is expedient to include in the group of beneficiaries establishments dealing with storage and cold storage of agricultural products, which are important elements of Polish food economy.	The observation was included in the current version of the SOP Complement.
3.	Adding cooperatives to the group of Measure beneficiaries should be considered.	In the current version of the SOP Complement cooperatives, as legal entities, were included as the Measure beneficiaries.
4.	Certain modifications in the Measure implementation system should be considered so that only those projects for which the aid granted is more than € 250,000.00 are subject to acceptance by the ARMA Head Office.	Due to a restricted programming time together with limited financial resources for its implementation, it was decided that the implementation system would be based on the system adopted for the SAPARD

		Programme to provide for the adequate project evaluation system.
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Measure 2.1. ‘Restoring forestry production potential damaged by natural disaster and fire and introducing appropriate prevention instruments’

No	Recommendation of the team of evaluators	MARD position
1.	The possibility of including projects related to the wood industry into the scope of SOP aid should be considered.	Owing to the limited financial resources for the implementation of the Measure together with its close connection with the objective, i.e. elimination of damage caused by natural disasters, it was decided that projects regarding wood industry would not be implemented in the current programming period.

Measure 2.2. ‘Land re-parcelling’

No	Recommendation of the team of evaluators	MARD position
1.	Due to considerable demand for land re-parcelling projects, an increase in the total allocation for the Measure implementation should be considered.	In the current version of the SOP Complement the allocation for the Measure implementation was increased by 20%.
2.	It is necessary to set up voivodship offices for Geodesy and Rural Areas [Wojewódzkie Biuro Geodezji i Terenów Rolnych] – specialist units reporting to marshal offices and providing district governors with support in the Measure implementation.	Owing to a restricted programming time and a probably long time and costs of setting up such institutions, it was decided to retain the previously approved implementation system within the Measure.
3.	It is important to support measures regarding post-re-parcelling management, including wildlife and landscape aspects in addition to agricultural aspects.	The main objective of the Measure is to improve the area structure of agricultural holdings. Additionally, prior to the implementation of the land re-parcelling project, an ex-ante evaluation of the re-parcelling impact on the environment will be required in each case.

Measure 2.3. ‘Rural renewal and the preservation and protection of cultural heritage’

No	Recommendation of the team of evaluators	MARD position
1.	In order to increase the impact of the Measure on the local labour market, the inclusion of additional scores for employing the local unemployed during investment project implementation in the project selection criteria should be considered.	Within the regional project selection criterion the Steering Committee can determine their own project selection criteria, including the priority for projects to be implemented by the unemployed.
2.	The criterion of scoring should be modified, i.e. the criterion of tax income per capita, as it gives preference to densely populated rural communes and discriminates the communes facing the depopulation processes.	The criterion of Gross Domestic Product per capita is considered as one of the most effective indicators to evaluate the regional development. Simultaneously, the remaining project selection criteria were determined so as to allow the beneficiaries that do not comply with the above criterion and find themselves in a less privileged situation, to

		score a sufficient number of points for the project to be eligible for implementation.
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Measure 2.4. ‘Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes’

No	Recommendation of the team of evaluators	MARD position
1.	It is necessary to lower the upper limit of aid, in order to increase the number of beneficiaries.	In the current version of the SOP Complement the maximum aid limit was lowered to PLN 100,000.00, which will increase the number of beneficiaries.
2.	It is inexpedient to assign points for unemployment in the area where a project is planned as high unemployment rate results in low tax income of rural communes.	The project selection criteria were determined in such a way as to carry out the overall evaluation of the situation in less favoured areas. The observation made by the team of evaluators does not always reflect the actual situation.

Measure 2.5. ‘Agricultural water resources management’

No	Recommendation of the team of evaluators	MARD position
1.	Setting up a single institution – regional office for the development of rural areas [Regionalny Urząd ds. Rozwoju Obszarów Wiejskich] should be considered. It would be responsible for the overall implementation of the following measures: 2.3. ‘ Village renewal and the preservation and protection of cultural heritage ’, 2.2. ‘ Land reparacling ’, and 2.5. ‘ Agricultural water resources management ’. Such institution should implement the Measures within a single investment process in a given area.	Owing to a restricted programming time and considerable costs of setting up such institutions, it was decided to retain the previously approved implementation system within the Measure.

Measure 2.6. ‘Development and improvement of infrastructure related to agriculture’

No	Recommendation of the team of evaluators	MARD position
1.	The current version of the Measure does not include in the group of beneficiaries legal entities running business or agricultural activities for the benefit of agriculture and rural development.	Legal entities running businesses in rural areas were excluded from the group of beneficiaries upon the European Commission request.
2.	An increase in the maximum limit of inhabitants (to 5 000) eligible for aid within the Measure should be considered, especially in the context of raising the limit within the Integrated Regional Operational Programme (IROP) – Local development Measure .	Support under IROP – Local development Measure shall be provided for projects involving public infrastructure in the areas with the population below 20 000. Thus, the support within the two Measures will be complementary.

Priority 3. ‘Technical assistance’

No.	Recommendation of the team of evaluators	MARD position
1.	Expansion of the group of potential	In accordance with the provisions laid down

	beneficiaries by agricultural advisory services centres, agricultural chambers and universities should be considered because of their relations with potential aid recipients.	in Commission Regulation (EC) No 448/2004, technical assistance covers specified expenditure on Programme management, implementation, control and monitoring incurred by the Managing Authority and Implementing Institution.
2.	Doubts were raised as to the implementation system for the Measure in the case of which ARMA is the Implementing Institution – if applications are submitted by ARMA (Head Office or regional branches), this would mean that the applicant would lodge an application to itself.	The implementation system for Technical Assistance envisages the conclusion of the framework agreement between ARMA and the Ministry of Agriculture and Rural Development. The agreement shall lay down the rules for the provision of technical assistance for ARMA.

CHAPTER 3 THE DESCRIPTION OF MEASURES INCLUDED IN THE SOP COMPLEMENT

3.1. Priority 1 – ‘Supporting changes and adjustments in agricultural and food sector’

3.1.1. Measure 1.1. ‘Investment in agricultural holdings’

Operational Programme	Sectoral Operational Program ‘ Restructuring and Modernization of the Food Sector and Rural Development 2004-2006 ’
Priority	Supporting changes and adjustments in agricultural and food sector
Measure	Investment in agricultural holdings
Sub-measure	None
Structural Fund intervention area	111
Measure No.	1.1
Measure duration	2004 - 2006
Managing Authority	Minister of Agriculture and Rural Development
Intermediate Authority	-
Final Beneficiaries/Implementing Institution	Agency for Restructuring and Modernization of Agriculture
Beneficiaries (project applicants)	natural or legal entities engaged in agricultural activity
Ultimate beneficiaries (persons, institutions or social groups directly benefiting from the implemented support)	natural or legal entities engaged in agricultural activity
Paying Authority	Ministry of Finance – Paying Institution Department
Aid type	Investment grants
Maximum aid amount in % of eligible costs	Basic level – 50% of eligible costs, 60% in the case of agricultural holdings situated in less - favoured areas; when the beneficiary is a young farmer - 55% and 65% respectively
Total financial support for measure	MEUR 603,92
European Union financial support	MEUR 325,19
Domestic financial support	MEUR 278,73
Share of private funds as percentage of total funds (%)	35%
Share of public funds as percentage of total funds (%)	65%
EU share as percentage of public funds (%)	54%
EU share as percentage of total funds (%)	35%
Domestic share as percentage of public funds (%)	46%
Domestic share as percentage of total funds (%)	30%
Project selection system	According to application submission order, projects are selected by the Regional Offices of Agency for Restructuring and Modernization of Agriculture competent for the area of the project location.
Composition of working groups dealing with project selection and of Steering Committees	Do not participate in project selection.

Structural Fund intervention area – 111

Financing: EAGGF – Guidance Section contribution up to 35% of total eligible cost, co-financing from state budget. The maximum level of aid granted to the beneficiary is 50% or – if the agricultural holding is situated in less – favoured areas – maximum 60% of the eligible project cost. In a case of young farmers the maximum level of aid is 55% or 65% of eligible costs, respectively.

Measure objectives

Financial aid available under this measure will contribute to:

- 1) increase in agricultural income,
- 2) enhancement of farm holding competitiveness,
- 3) reduction of production costs,
- 4) improvement of production organisation,
- 5) adaptation of farm holding production profiles to market requirements,
- 6) increase in agricultural products added value,
- 7) improvement in the quality of agricultural products,
- 8) improvement of working conditions and occupational safety,
- 9) protection and improvement of the natural environment quality, landscape, preservation and promotion of regional culture and rural cultural heritage,
- 10) improvement in production sanitary and hygiene conditions,
- 11) improvement of animal welfare.

Measure description

Projects related to modernization of agricultural holdings, leading to their adjustment to the conditions on the Single Market will be supported under this Measure. Projects shall concern the production included in Annex 1 of the EU Treaty, exclusive of fishery and forestry.

For the purposes of this Measure an agricultural holding means a holding as defined in the Civil Code, the usable agricultural area of the said holding being at least 1 ha, or special areas of agricultural production as defined in the Act of 26 July, 1991 on the income tax on natural persons (Journal of Laws of the year 2000, No. 14, item 176 as amended) and the Act of 15 February, 1992 on income tax on legal entities (Journal of Laws of the year 2000, No. 54 item 654 as amended).

Scope of aid

In the framework of this Measure aid may be granted to projects the implementation of which shall contribute to improvement of competitiveness of agricultural holdings through improving production quality, adjusting its volume and profile, cost reduction and meeting the hygiene, environmental and animal welfare requirements.

Projects may comprise the following:

- 1) purchase, construction combined with modernization of buildings for agricultural production,
- 2) purchase or installation of machinery, equipment or instruments for agricultural production,
- 3) purchase of the basic herd of breeding animals,

- 4) establishment of perennial plantations,
- 5) equipment of pastures,
- 6) purchase, installation or construction of field irrigation systems,
- 7) purchase, installation or construction of equipment for environmental protection.

Expense eligibility criteria as well as detailed scope of eligible costs, and eligibility rules are provided in Annex 1 hereto.

Level of aid

The maximum level of aid is as follows:

- 1) 50% of eligible project costs or
- 2) 55% of eligible project costs if the beneficiary is a young farmer
or
- 3) 60% of eligible project costs if the modernized farm holding is situated in less-favoured areas or
- 4) 65% of eligible project costs if the modernized farm holding is situated in less-favoured areas as in point (3) and the beneficiary is a young farmer.

The maximum amount of aid received by a single beneficiary and per agricultural holding during the period of programme implementation and under this Measure may not exceed PLN 300,000.00. This signifies that:

- 1) one beneficiary may receive aid in the amount not exceeding PLN 300,000.00 during the programme implementation,
- 2) in the case of projects implemented in agricultural holdings being a property of two or more persons, aid may be granted to one or more co-owners in a combined amount not exceeding PLN 300,000.00 during the programme implementation.

Beneficiaries

Natural persons – citizens of European Union Member States running agricultural activity as individual owners or tenants of farm holdings within the territory of the Republic of Poland.

Legal entities – entities registered in the Entrepreneur's Register of the National Court Registrar which (according to their entry in the above Registrar) run agricultural activity or production within special areas of agricultural production within the territory of the Republic of Poland, based on real estates being their sole property or leased holdings.

Aid may not be granted to entities who do not possess agricultural holdings and whose agricultural activity is limited to production within the following special areas of agricultural production: keeping or breeding laboratory animals, breeding entomophages, keeping or breeding other animals outside the agricultural holding.

Aid may not be granted to natural person who is drawing disability pension due to declaration of complete, permanent inability to work, a permanent agricultural pension due to inability to work or is receiving retirement benefits.

Eligibility criteria

Aid under this Measure may be granted if the following criteria are met:

1) the agricultural holding, where the project is planned, is run by a person with adequate occupational skills.

a) the applicants – natural persons – are required to meet one of the following requirements:

- secondary agricultural education or a college/university degree in agriculture, or
- vocational agricultural education or a title in a profession qualifying to run agricultural activity and at least 3 years of farming experience, or
- secondary education or a college/university degree not related to agriculture and at least 3 years of farming experience or, in case of persons with a college/university degree - a postgraduate degree related to agriculture or secondary education not related to agriculture and at least 3 years of farming experience, or
- elementary or vocational education not related to agriculture and at least 5 years of farming experience,

b) the applicants - legal entities - are required, at the time of applying for the aid and for a period of 5 years following the date of the last payment within the project, to employ in the holding, for which the aid is granted, a person who meets one of the following conditions in respect of occupational skills:

- secondary agricultural education or a college/university degree in agriculture, or
- secondary education or a college/university degree not related to agriculture and at least 3 years of experience at a managerial post connected with the management of agricultural production or production within special areas of agricultural production,

c) the applicants who are not Polish citizens and originate from the EU Member States may obtain financial aid under this Measure provided that they have agricultural occupational skills required to be granted such aid (under parallel Measure co-financed by the EAGGF) in their country of origin.

A detailed list of studies, professions, skills and vocational titles in professions eligible for running agricultural activity required by the Measure has been attached to as Annex 2 to the SOP Complement.

Farming experience in an agricultural holding is measured by means of the period for which a person concerned has been insured within the system of agricultural social insurance as a farmer or household member or having regard to the period in which the applicant owned a farm.

2) the agricultural holding, where the project is planned, meets the economic viability criterion or will achieve economic viability in the moment of filling the last claim for payment.

The economic viability is defined on the basis of the agricultural holding's economic size calculated as the sum of gross margins of all agricultural activities along with production within special areas of agricultural production carried out in a given agricultural holding. Gross margins can be calculated on the basis of Standard Gross Margins (SGM) determined for individual types of agricultural production and regions.

In the following cases:

- a) there is no SGM determined for production conducted in the holding, or
- b) as a result of data aggregation for a given type of activity value of gross margin calculated on the basis of SGM is lower than value of gross margin calculated on the basis of factual holding data,

the beneficiary may demonstrate that his/her holding meets the economic viability criterion by presenting the economic size of the holding calculated on the basis of factual holding data.

The economic size is expressed in ESU (European Size Units), where 1 ESU is equivalent to a standard gross margin of EUR 1200.

An economically viable agricultural holding is defined as a holding with an economic size of at least 4 ESU.

If the holding does not meet the economic viability criterion at the moment of applying for aid, the beneficiary is required to present a business plan describing a target profile (after the project is completed) and the scale of the production showing that the planned total gross margin will achieve the required level of 4 ESU after the project implementation.

In case where a project concerns an agricultural holding, which is wholly or partially leased, and gross margins calculated on the basis of that rented property affects the achievement of the economic viability of the holding, the beneficiary is required to present the written contract stating that he/she will possess the given property for a period of at least 5 years from the planned date of last payment and the consent of the owner in writing to implement the project.

The method of calculating economic size of a holding is provided for in Annex 3 to the SOP Complement.

3) the agricultural holding, where the project is planned, meets the hygiene, environmental and animal welfare minimal standards in accordance with the production type, or the standards shall be met at the moment of the beneficiary's submission of the final claim for payment.

The financial aid may also be granted to an agricultural holding that does not comply with hygiene, environmental and animal welfare standards if they are newly introduced, i.e. standards which became mandatory for the farmer not earlier than 36 months before. In such cases the agricultural holding shall comply with the relevant new standards at the time of applying for the last payment under the project and no later than 36 months from the date on which standards become mandatory for the farmer.

At the time of submitting the final claim for payment, the supported holding must fully comply with the provisions relating to the hygiene, environmental and animal welfare

standards pertaining to the said agricultural holding, including those that will come into force after the planned project completion date.

A list of legislative provisions stipulating minimum standards relating to hygiene, environment protection and animal welfare has been provided for in Annex 4 to SOP Complement.

4) aid cannot be granted to a project that will lead to a production increase, for which there is no regular market outlets.

In the production areas where limitation quotas are set up at a farm level, the aid may be granted solely for a project which is consistent with the granted production quatum. In other sectors, the aid may be granted for a project which is intended to increase production, provided that either a sales plan or preliminary sales contracts with the recipients of the entire production volume obtained in agricultural holding, in sector which concerns the planned project, is presented.

5) financial aid is granted provided that the beneficiary is not in arrears with tax and social security insurance and health insurance payments .

6) the applicant does not have any debts towards ARMA relating to his breaching the principles of formerly granted aid.

7) a project co-financed in the frames of the Measure may not be implemented with other public support granted as a result of its implementation.

The aid may not be granted for the following types of projects eligible for funds within RDP within the Measure: 'Adjustment of agricultural holdings to the EU standards':

- 1) furnishing farms with natural fertilizers storage facilities,
- 2) adjustment of egg-laying hen farms,
- 3) adjustment of milk farms to the public health EU standard

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Definitions

Young farmer

Within Measure 1.1. '**Investment in agricultural holdings**' a young farmer means a natural person who meets the following requirements:

- 1) began to individually run an agricultural holding for the first time not earlier than 5 years prior to the date of obtaining the aid under this Measure,
- 2) was under 40 years of age at the time of commencing running his/her own holding.

The date of commencing the individual running of agricultural holding is deemed to be the date, on which the said individual after reaching the legal age became owner or tenant of farmland with a surface area not less than 1 ha or became an income tax payer for running a production within special areas of agricultural production.

At the beneficiary's request, the following periods of time may not be regarded as the time of running the agricultural holding:

- 1) period of secondary or college/university education (this applies to higher vocational studies, supplementary master's studies and regular master's studies - on daily basis),

- 2) period of military service,
- 3) period during which the farmer leased out the holding (as recorded in the land register or land cadastre) or authorized another person to run his/her farm on the basis of a contract legalized by a notary,

provided that the beneficiary did not apply to any direct payments for the owned land or received preferential credits granted on the basis of the **Regulation of the Council of Ministers of 30 January 1996 on the detailed policies of the Agency for Restructuring and Modernization of Agriculture and their implementation**¹⁰ during the above mentioned periods of time.

In such case it might be recognized that a person started running a farm for the first time not earlier than 5 years prior to the date of obtaining the aid if the length of time between the period over which the given person was a farm holder and the periods defined above has not exceeded 5 years at the moment of obtaining the aid.

Less-favoured areas

An agricultural holding located in less-favoured areas means a holding in which at least 50% of farmland is located in areas defined in the **Regulation of the Council of Ministers on detailed conditions for providing financial aid to support farming activity in less-favoured areas under the Rural Development Plan**¹¹.

A project obtains support at the level laid down for the less-favoured areas also when the whole project is associated with the construction or furnishing of a real estate being a part of the agricultural holding and situated in less-favoured areas.

Obligations of the beneficiary

The beneficiary may not change the project target or transfer its ownership on behalf of the third parties, or enter into agreements envisaging the transfer of the ownership of: land, buildings, structures, machines, facilities, equipment, tools or livestock – purchased, constructed or modernized, respectively, with the received aid granted under the contract concluded with ARMA, earlier than after a lapse of 5 years from the date of the last payment under the project.

Moreover, the beneficiary must:

- 1) keep the entire set of documentation pertaining to the project implementation for 5 years from the date of last payment made by ARMA in this respect,
- 2) allows ARMA or other authorized entities to carry out document controls or on-the-spot inspections,
- 3) file a monitoring questionnaire.

Other obligations of the beneficiary are laid down in the contract concluded between the beneficiary and ARMA .

Geographical range – the whole country

¹⁰ Regulation of January 30, 1996, Journal of Laws No 16, item 82 as amended

¹¹ Regulation of April 14, 2004, Journal of Laws 73, item 657 as amended

Institutional system:

- 1) Managing Authority: Minister of Agriculture and Rural Development,
- 2) Implementing Institution: Agency for Restructuring and Modernization of Agriculture (ARMA),
- 3) Final Beneficiary: Agency for Restructuring and Modernization of Agriculture (ARMA),
- 4) beneficiary: natural or legal entities running the agricultural activity,
- 5) ultimate beneficiary: natural or legal entities running the agricultural activity.

Description of implementation system

Applications for aid shall be submitted according to the procedure described in the relevant legal provisions to ARMA Regional Offices competent for the area of the project location.

Aid applications are formally verified in the ARMA Regional Offices , in particular as regards correct completing of the form and the provision of all required attachments.

If it is found that the submitted documentation is incomplete, the application must be supplemented and corrected within 14 days of the applicant's receiving a call letter from ARMA .

The application submission date will be deemed to be the date on which ARMA Regional Office has received a properly filled in application with all required attachments. The application which has had to be supplemented will be registered in the ARMA Regional Office on the date on which the last missing document is submitted.

Application for aid shall be verified in terms of consistency with the Measure objectives and principles through checking the following:

- 1) compliance of the project with the scope of aid envisaged under the measure,
- 2) compliance of the agricultural holding with hygiene, animal welfare and environment requirements,
- 3) compliance of the applicant with the occupational skills criteria,
- 4) compliance with the agricultural holding economic viability requirement (initial or target) and the correctness of the appropriate calculations,
- 5) planned production outlet perspective presented by the applicant (pertains to projects envisaging a production increase of the holding),

Projects, which meet all requirements laid down for Measure 1.1. **'Investment in agricultural holdings'** are approved for implementation within the available funds according to the submission (registration) order of applications.

A project is formally approved for implementation on the day of concluding a contract for project co-financing between ARMA and the beneficiary. The contract is forwarded to the applicant and is signed in the ARMA Regional Office.

The contract stipulates ARMA commitment towards the beneficiary to co-finance the planned project provided that the beneficiary implements the said project within the defined scope and time period, provides evidence of all incurred costs and fulfils all the contractual obligations.

The contract concluded with ARMA may be changed at the request of either Party. Any change in the contract terms must be made in writing in the form of an Amendment or else is null and void.

The beneficiary may commence the project implementation as soon as the contract for the project co-financing is signed. Any costs incurred prior to the date of signing the contract for the project co-financing shall not be considered as eligible. This principle does not apply to certain general costs which may be incurred prior to contract signing but not before January 1, 2004.

Claim for payment is filed with the ARMA Regional Office. Payments are made after the beneficiary submits the claim for payment complete with all required enclosures (including the incurred cost evidence) and the ARMA checks the consistency of project implementation with the contract.

Payment to the beneficiary is made as a single amount after the project implementation is completed or (if it the contract stipulates so) in two tranches. In the latter case, the beneficiary submits two claims for payment – one after completion of stage I of implementation and the next after the whole project implementation is completed. Payment after the whole project is completed may be made after the beneficiary submits the final report on the project implementation.

Detailed rules of handling applications for aid and claims for payment are laid down in the ARMA procedures approved by the Minister of Agriculture and Rural Development.

Implementation Diagram

Document	Process	Subject
APPLICATION FOR AID	SUBMITTING APPLICATION TO ARMA REGIONAL OFFICE	BENEFICIARY
APPLICATION – VERIFICATION FORM	VERIFICATION OF APPLICATION COMPLETENESS AND FORMAL CORRECTNESS SUBSTANTIAL PROJECT EVALUATION	ARMA
CONTRACT FOR PROJECT CO-FINANCING	CONCLUSION OF CONTRACT WITH BENEFICIARY	ARMA
STAGE I OF THE PROJECT IMPLEMENTATION		
CLAIM FOR PAYMENT	SUBMITTING CLAIM FOR PAYMENT TO ARMA REGIONAL OFFICE	BENEFICIARY
CLAIM FOR PAYMENT – VERIFICATION FORM	VERIFICATION OF CLAIM COMPLETENESS AND FORMAL CORRECTNESS VERIFICATION OF CLAIM CONSISTENCY WITH CONTRACT CHECKING COST ELIGIBILITY VERIFICATION OF CALCULATION ACCURACY	ARMA

PAYMENT ORDER	PAYMENT ORDER PREPARATION	ARMA
BANK TRANSER ORDER	MAKING PAYMENT	ARMA
LEDGER	BOOKING THE PAYMENT	ARMA
STAGE II OF THE PROJECT IMPLEMENTATION - (*)		
CLAIM FOR PAYMENT WITH FINAL REPORT ON THE PROJECT IMPLEMENTATION	CLAIM FOR PAYMENT SUBMITTED WITH FINAL REPORT ON THE PROJECT IMPLEMENTATION TO ARMA REGIONAL OFFICE	BENEFICIARY
CLAIM FOR PAYMENT AND PROJECT IMPLEMENTATION REPORT VERIFICATION FORM	VERIFICATION OF CLAIM FOR PAYMENT COMPLETENESS AND FORMAL CORRECTNESS VERIFICATION OF CLAIM FOR PAYMENT AND FINAL REPORT ON THE PROJECT IMPLEMENTATION CONSISTENCY WITH CONTRACT CHECKING COST ELIGIBILITY VERIFICATION OF CALCULATION ACCURACY	ARMA
PAYMENT ORDER	PAYMENT ORDER PREPARATION	ARMA
BANK TRANSER ORDER	MAKING PAYMENT	ARMA
LEDGER	BOOKING THE PAYMENT	ARMA

(*) When the project implementation is completed in a single stage, the procedure is the same as for stage II.

Method of granting aid

Financial support will be granted in the form of investment grants based on reimbursement of incurred costs.

Measure budget for the years 2004-2006 (MEUR)

<i>Measure</i>	<i>European Community EAGGF - Guidance Section</i>	<i>State budget</i>	<i>Territorial local government units</i>	<i>Other public funds</i>	<i>Private</i>
<i>Investment in agricultural holdings (total)</i>	325,19	278,73	-	-	325,19

3.1.2. Measure 1.2. 'Setting up of young farmers'

Operational Programme	Sectoral Operational Programme ' Restructuring and Modernization of the Food Sector and Rural Development 2004-2006 '
Priority	Supporting changes and adjustments in agricultural and food sector
Measure	Setting up of young farmers
Sub measure	None
Structural Fund intervention area	112
Measure No.	1.2
Measure duration	2004-2006
Managing Authority	Minister of Agriculture and Rural Development
Intermediate Authority	-
Final Beneficiaries/Implementing Institution	Agency for Restructuring and Modernization of Agriculture
Beneficiaries	Young farmers
Ultimate Beneficiaries (persons, institutions or social groups directly benefiting from implemented support)	Young farmers
Paying Authority	Ministry of Finance – Paying Institution Department
Aid type	Premiums
Maximum aid amount as percentage of eligible costs	None
Total financial support for measure	MEUR 173.33
European Union financial support	MEUR 130
Domestic financial support	MEUR 43.33
Share of private funds as percentage of total funds (%)	0%
Share of public funds as percentage of total funds (%)	100%
EU percentage share in public funds (%)	75%
EU percentage share in total funds (%)	75%
Domestic percentage share in public funds (%)	25%
Domestic percentage share in total funds (%)	25%
Project selection system	According to application submission order, eligibility of projects is checked by ARMA Regional Offices competent for the agricultural holding location.
Composition of work groups dealing with project selection and of Steering Committees	Do not participate in project selection.

Structural Fund intervention area– 112

Financing: EAGGF – Guidance Section up to 75 % of premium, co-financing from the state budget – 25%.

Measure objectives

The objective of the Measure is to facilitate the establishment or take-over of agricultural holdings by young farmers and to support the modernization of these holdings.

The financial support for young farmers who start independent agricultural activity will foster farm modernization and will, in turn, enhance the economic condition of these farms, in particular by the adjustment of their production to the market requirements, improvement of production quality and application of economically effective technologies, which meet the occupational safety, hygiene, environmental and animal welfare requirements.

Measure description

The takeover of farms by new owners – young farmers with proper occupational skills, who are determined to invest in order to modernize and develop their production base – fosters structural transformations in the agricultural sector.

Initiation of the farming activities involves considerable financial expenditures, especially when the farmer intends to:

1) adjust to market requirements and improve farm profitability through quality improvement, change in production profile, increase production volume, added value and labour efficiency,

or

2) improve hygiene conditions, food safety, animal welfare, environmental and work safety conditions.

Financial aid in the form of a premium will be paid in a single amount to an individual who undertakes to run an agricultural holding for the first time.

In the frames of this Measure agricultural holding means, as defined by the Civil Code, a holding with a surface area not smaller than 1 ha.

Level of aid

The level of aid under this measure amounts to PLN 50,000.00.

Beneficiaries

Aid under this Measure may be granted to a natural person, a citizen of a European Union Member State, who owns an agricultural holding located on the territory the Republic of Poland, or a tenant of an agricultural holding belonging to the State Treasury.

Eligibility criteria

Aid under this Measure may be granted to a farmer who:

1) has achieved the age of majority and on the day of signing a contract for aid , has not exceed 40 years of age,

2) has undertaken to run an agricultural holding for the first time,

A person starting to run an agricultural holding for the first time means an individual who:

a) for the first time has become the sole owner or tenant of an agricultural holding not earlier than 12 months prior to ARMA decision on granting financial aid, or

b) has been an owner of an agricultural holding longer than 12 months prior to ARMA decision on aid granting, but actually ran the farm holding no longer than for 12 months.

The following periods of time during which the farmer may be deemed not to run the holding , may include, at the request of the interested applicant:

- period before reaching the age of majority,
- period of secondary or college/university education (this applies to higher vocational studies, supplementary master's studies and regular master's studies - on daily basis),
- period of military service,

- period during which the farmer leased out the holding (as recorded in the land register or land cadastre) or authorized another person to run his/her farm on the basis of a contract legalised by a notary, provided that the beneficiary did not apply to any direct payments for the owned land or received preferential credits granted on the basis of the **regulation of the Council of Ministers of 30 January 1996 on detailed policies of the Agency for Restructuring and Modernization of Agriculture and their implementation**¹⁴ during the above mentioned periods of time.

A young farmer means an individual who undertakes to run an agricultural holding for the first time, if the difference between the time when the person was the owner of a farm holding and the periods referred to above has not exceeded 12 months at the moment of the contract was signed. .

- 3) is insured pursuant to the **Law on Farmers' Social Insurance**¹⁵ as a person running an agricultural holding,
- 4) has adequate occupational skills, i.e.:
 - a) secondary agricultural education or a college/university degree in agriculture,
 - b) vocational agricultural education or a title in a profession qualifying to run an agricultural activity, and at least 3 years of farming experience,
 - c) a college/university degree not related to agriculture and at least 3 years of farming experience or (for persons with a college/university degree) a postgraduate degree related to agriculture or secondary education not related to agriculture and at least 3 years of farming experience,
 - d) elementary or vocational education not related to agriculture and at least 5 years of farming experience.

A detailed list of studies, professions, skills and vocational titles in professions eligible for running agricultural activity required by the Measure has been attached to as Annex 2 to the SOP Complement.

The period of farming experience is the time during which the applicant was insured with KRUS (Agricultural Social Insurance Fund) as a household member and the period in which the applicant run the taken over agricultural holding.

When the applicant does not meet the occupational skill requirements, the aid may be granted provided that the applicant completes his/her education within a period not exceeding 5 years from the moment he/she has undertaken to run an agricultural holding.

The applicants, who are not Polish citizens and originate from the EU Member States may obtain financial aid under this Measure provided that they have such agricultural skills as those required from the farmers who apply for relevant aid in their country of origin ¹⁶.

Aid can not be granted to a person:

- who took the farm over from his/her spouse,

¹⁴ Regulation of January 30, 1996, Journal of Laws No 16, point 82 with later amendments.

¹⁵ December 20, 1990 statute, Journal of Laws of 1998, no. 7, point. 25 w/later amendments.

¹⁶ Applies to the requirements in force in a given Member State for projects implemented within Measure 1.2. 'Setting-up of young farmers' or Measure 1.1. 'Investments in agricultural holdings..

- who runs an agricultural holding as its co-owner (unless the holding is a joint property of spouses),
- who undertook to run an agricultural holding for the first time but before he/she had been the payer of the income tax on running business in special areas of agricultural activity.

The young farmer's farm has to meet the requirement of economic viability or the applicant must prove that the criteria will be met not later than 5 years after he/she has started to run the holding.

The economic viability is defined on the basis of the agricultural holding's economic size calculated as the sum of gross margins of all agricultural activities carried out in a given agricultural holding. Gross margins can be calculated on the basis of Standard Gross Margins (SGM) determined for individual types of agricultural production and regions.

Manner of calculating economic size of the holding has been provided for in Annex 3 to the SOP Complement.

In the following cases:

- 1) there is no SGM determined for production conducted in the holding, or
- 2) as a result of data aggregation for a given type of activity value of gross margin calculated on the basis of SGM is lower than value of gross margin calculated on the basis of factual holding data

the beneficiary may demonstrate that his/her holding meets the economic viability criterion by presenting the economic size of the holding calculated on the basis of factual holding data.

The economic size is expressed in European Size Units (ESU). 1 ESU is equivalent to a standard gross margin of EUR 1,200.00.

An economically viable agricultural holding is defined as a holding with an economic size of at least **4** ESU.

The applicant submits the application for aid with the calculation of current economic size of the farm holding, and when the required economic size of the farm holding is not achieved – the applicant submits the plan stipulating target profile and the scale of the production (not later than 5 years from the moment of starting-up the agricultural activity)– total projected gross margin should amount to 4 ESU. Beneficiary also notifies the Agency of the achievement of the required economic viability, not later, however, than 5 years from the date of starting-up the agricultural activity.

If the beneficiary is a land tenant and this fact affects the required economic viability of the agricultural holding, he/she has to submit a tenancy agreement covering a period of at least 5 years from the planned date of payment and the consent of the holding owner, in writing, to implement the project. If the tenancy concerns the land other than land belonging to the State Treasury the tenancy agreement should be notarised.

Depending on the type of production, the agricultural holding of a young farmer must meet minimum standards with regard to environment, hygiene and animal welfare at the time of submission of application for aid, or must meet these requirements not later than 5 years after it has been taken over by the beneficiary.

A list of legal acts laying down minimum hygiene environmental and animal welfare standards is provided for in Annex No. 4.

The financial aid is granted provided that the Beneficiary is not in arrears with tax and social security insurance payments in KRUS.

Aid cannot be granted to a farmer who is indebted towards ARMA due to a breach of conditions of the previously granted aid.

Obligations of the beneficiary

A young farmer is obliged to:

- 1) keep the entire set of original documentation, the copies of which were enclosed with the application for aid for a period of 5 years from the date of the premium payment,
- 2) run the agricultural holding subject to the application for aid for at least 5 years from the date of premium payment.
- 3) enable ARMA or other authorized entities to carry out document controls or on-the-spot inspections,
- 4) timely submit the documentary evidence that the beneficiary has met all the requirements pertaining to education as well as hygiene, animal welfare and environment in the farm holding, when the aid was granted conditionally, if any of the above requirements failed to be met,
- 5) file a monitoring questionnaire.

Geographical range – the whole country

Institutional system:

- 1) Managing Authority: Minister of Agriculture and Rural Development,
- 2) Implementing Institution: Agency for Restructuring and Modernization of Agriculture (ARMA),
- 3) Final Beneficiary: Agency for Restructuring and Modernization of Agriculture (ARMA),
- 4) beneficiaries: young farmers,
- 5) ultimate beneficiaries: young farmers.

Description of implementation system

Applications for aid shall be submitted according to the procedure described in the relevant legal provisions to ARMA Regional Offices competent for the area of the project location.

Aid applications are formally verified in the ARMA Regional Offices , in particular as regards correct completing of the form and the provision of all required attachments.

If it is found that the submitted documentation is incomplete, the application must be supplemented and corrected within 14 days of the applicant's receiving a call letter from ARMA .

The application submission date is the date on which ARMA Regional Office has received a properly submitted application together with all required attachments. Applications which required supplementing will be registered in the ARMA Regional Office on the date on which the last missing document has been submitted.

Application for aid shall be verified in terms of consistency with the measure objectives and principles through checking the following:

- 1) compliance of the agricultural holding with hygiene, animal welfare and environment requirements,
- 2) compliance of the applicant with the occupational skills criteria,
- 3) compliance with the agricultural holding economic viability requirement (initial or target – i.e. 5 years from commencement of running the agricultural holding by the beneficiary) and the correctness of the appropriate calculations,
- 4) the consistency with other eligibility criteria.

Projects, which meet all requirements laid down for this Measure, are approved for implementation within the available funds according to the submission (registration) order of applications on the basis of contracts signed between beneficiaries and ARMA.

The contract stipulates ARMA commitment towards the beneficiary to pay the premium and the beneficiary commitment to adhere to the conditions laid down for the Measure.

The payment is made by ARMA to the beneficiary bank account after the contract is signed.

Implementation Diagram

Document	Process	Subject
APPLICATION FOR AID	SUBMITTING APPLICATION TO ARMA REGIONAL OFFICE	BENEFICIARY
APPLICATION – VERIFICATION SHEET	VERIFICATION OF APPLICATION COMPLETENESS AND FORMAL CORRECTNESS EVALUATION IF THE APPLICATION CONSISTENCY WITH THE PROGRAM TECHNICAL EVALUATION	ARMA
CONTRACT FOR PROJECT CO-FINANCING	CONCLUSION OF CONTRACT WITH BENEFICIARY	ARMA
PAYMENT ORDER	PAYMENT ORDER PREPARATION	ARMA
BANK TRANSER ORDER	MAKING PAYMENT	ARMA
LEDGER	BOOKING THE PAYMENT	ARMA

Method of granting aid

Financial support will be granted in the form of a premium.

Measure budget for the years 2004-2006 (MEUR)

<i>Measure</i>	<i>European Community EAGGF - Guidance Section</i>	<i>State budget</i>	<i>Territorial local government units</i>	<i>Other public funds</i>	<i>Private</i>
<i>Setting-up of Young Farmers (total)</i>	130,00	43,33	-	-	-

3.1.3. Measure 1.3. 'Training'

Operational Programme	Sectoral Operational Programme Restructuring and Modernization of the Food Sector and Rural Development
Priority	Supporting changes and adjustments in agricultural and food sector
Measure	Training
Sub-measure	None
Structural Fund intervention area	113
Measure No	1.3
Measure duration	2004 – 2006
Managing Authority	Minister of Agriculture and Rural Development
Intermediate Authority	-
Implementing Institution	Foundation of Assistance Programmes for Agriculture
Final Beneficiary	Agency for Restructuring and Modernization of Agriculture
Beneficiaries (project applicants)	Institutions or entities (public or private) engaged in training activities
Ultimate Beneficiaries (persons, institutions or social groups directly benefiting from implemented support)	Farmers and other persons working in agriculture
Paying Authority	Ministry of Finance – Paying Institution Department
Aid type	Training
Maximum aid amount in % of eligible costs	100 %
Total financial support for measure	MEUR 20
European Union financial support	MEUR 16
Domestic financial support	MEUR 4
Share of private funds as percentage of total funds	0%
Share of public funds as percentage of total funds	100%
EU share as percentage of public funds	80%
EU share as percentage of total funds	80%
Domestic share as percentage of public funds	20%
Domestic share as percentage of total funds	20%
Project selection system	Projects consistent with the Measure objectives and principles, which meet the eligibility criteria (including terms of competition announcement) are assessed by the SOP SC (Steering Committee of SOP) working group as point selection score. The SOP SC recommends projects to MARD for approval and implementation.
Composition of working groups dealing with project selection and of Steering Committees	The SOP Steering Committee (Art. 23 of NDP Act): representatives of the managing authority, ministers relevant to the SOP specificity, the EAGGF-Guidance Section - Monitoring and Control Unit, nationwide organizations of self-government units, and social and economic partners. The Working Group: SOP Steering Committee members or experts.

Structural Fund intervention area – 113

Financing: EAGGF – Guidance Section contribution up to 80% of total eligible costs, co-financing from the state budget. The level of aid granted to the beneficiary is 100% of the eligible costs.

Measure objectives

Financial aid available under this measure will contribute to:

- 1) support of restructuring and modernization of agriculture,
- 2) improving competitiveness of agricultural or forestry activities,
- 3) facilitation of young farmers' vocational start,
- 4) improvement in farm holding management,
- 5) environmental protection,
- 6) improvement of quality and hygiene of production as well as food safety,
- 7) improvement of animal welfare,
- 8) dissemination of application of good agricultural practice principles.

Measure description

Support to projects consisting in delivery of training to farmers and other persons working in agriculture. The objective of the training is to raise the level of education and skills of people involved in agricultural and forestry operations.

Scope of aid:

Training will pertain to the following costs:

- 1) economics and management in agricultural holdings or forestry production,
- 2) undertaking new, market-oriented lines in agricultural production,
- 3) agricultural or forestry production technology,
- 4) improvement of production quality and hygiene and food safety,
- 5) environmental protection,
- 6) improvement of animal welfare,
- 7) dissemination of principles of good agricultural practice,
- 8) agri-environmental programmes, including organic farming.

The beneficiary, that is, an entity submitting a project (applicant), implementing it and obtaining financial aid is the institution or the entity running a training operation. The beneficiary cannot commission the project or a part thereof to a sub-contractor. The ultimate beneficiaries of the measure are farmers and other persons working in agriculture in favor of whom the training will be provided.

Support granted under the Measure will consist in reimbursement of eligible costs incurred by the beneficiary for implementation of the project or a part thereof.

Training participants do not bear any costs of the training including travel, sleeping accommodations nor board.

The beneficiary will recruit training participants from among the interested potential ultimate beneficiaries of the Measure. The beneficiary will guarantee that within the framework of the projects implemented by him each participant shall only once participate in a training session with a given syllabus.

Scope of aid

Financial aid may comprise the following:

- 1) project preparation and implementation costs,
- 2) costs of purchase of educational and other equipment necessary to conduct training,
- 3) operational costs of project service and management,

Detailed scope of the eligible costs and eligibility rules are provided for in Annex 1 hereto.

Level of aid

The maximum level of financial aid is 100% of the project eligible costs.

Beneficiaries

Institutions or entities (public or private) involved in training activities – legal entities or organizational units without legal personality, whose contractual, charter or by-laws objective includes the delivery of training.

Eligibility criteria

1) Applicant:

- a) an institution or entity engaged in training activities,
- b) does not have any outstanding taxes and social or health insurance premiums,

2) Training project

is consistent with the objectives and scope of the Measure as well as terms specified in the announcement of competition pertaining to the training subject, framework training syllabus, framework period, territorial range as well as the number of participants,

Aid for training activities may not be granted for the organisation of classes that are part of the curriculum normally provided for by primary school, junior secondary school, secondary school or college.

Aid under the Measure does not apply to entities providing training in connection with their operation in respect of production and marketing of agricultural or forestry materials, means and equipment.

Support may not be granted to any entity or institution which is in debt towards FAPA/MARD as a result of breach of conditions of previously granted aid.

Projects co-financed within the Measure may not be co-financed by other public support funds granted for implementation of this project.

Training project selection criteria

Training projects will be evaluated and selected according to the following criteria:

Criterion	Maximum score
Detailed training programme	10
Applicant's experience in delivery of training to farmers	15
Staff and trainers' qualifications	25
Provision of staff, materials and premises adequate for training delivery	10
Planned project cost per person-hour of training	40

Obligations of the beneficiary:

The beneficiary is obliged to:

- 1) maintain the entire set of original documentation pertaining to project implementation for a period of 5 years from the date of the last payment in this respect,
- 2) enable FAPA or other authorized entities to conduct document controls or on-the-spot inspection,
- 3) enable all trainees to evaluate training in a form of an anonymous questionnaire,
- 4) issue certificates of training completion to trainees,
- 5) submit a monitoring questionnaire to FAPA.¹⁸

The beneficiary may not sell or rent out any educational or other equipment purchased under the Measure during the project implementation period within 5 years of the date of signing the contract for co-financing of the training project implementation.

Other responsibilities of the beneficiary shall be defined in the contract for project co-financing, concluded between the beneficiary and the Foundation for Assistance Programmes for Agriculture.

Geographical range – the whole country

Method of providing support

Support will be provided in the form of training.

Institutional system:

1. Managing Authority: Minister of Agriculture and Rural Development,

¹⁸ In case of this Measure, the beneficiary shall, on the basis of the information gathered from ultimate beneficiaries of the Measure, provide the Implementing Institution with information concerning the results of the project implementation, which will help define impact indicators.

2. Final Beneficiary: Agency for Restructuring and Modernization of Agriculture (ARMA),
3. Implementing Institution: Foundation of Assistance Programmes for Agriculture (FAPA),
4. Beneficiary: institutions or entities (public or private) engaged in training activities,
5. Ultimate beneficiaries: farmers and other persons working in agriculture,

Description of implementation system

The Minister of Agriculture and Rural Development as the SOP Managing Authority defines the subject matter, training framework programme, territorial range, number of trainees and the training duration. Based on the above the Foundation of Assistance Programmes for Agriculture announces competitions for training project implementation under the Measure.

Applications for aid shall be submitted to FAPA, according to the procedure described in the relevant legal provisions.

The application for aid is subject to formal verification involving checking consistency of the printout with the electronic version, proper completion of the form and the assuring whether all the required attachments have been submitted.

The registered application for aid shall be evaluated in terms of consistency with the Measure objectives and principles, through checking the following;

- 1) consistency of the project with the scope of aid foreseen within the Measure,
- 2) meeting all the eligibility criteria by the applicant and the submitted project (including consistency of the project with the terms of competition announcement),
- 3) correctness of the calculation of costs and support applied for.

If, as a result of verification, the application concerned is found incomplete or incorrect, the beneficiary shall be asked to supplement or correct the application for aid within 14 days of receiving a relevant call in writing sent to the applicant by the implementing institution.

The date of aid application submission shall be the date of submitting a correct application together with all the required attachments to FAPA. Applications requiring corrections shall be registered in the order of submitting the last correction to FAPA.

Positively verified projects will be evaluated by the SOP Steering Committee working group according to the selection criteria score. On this basis the SOP Steering Committee working group shall draw up project ranking lists. The SOP Steering Committee recommends training projects for implementation to the Minister of Agriculture and Rural Development.

Upon obtaining MARD approval for project co-financing FAPA will conclude a contract with the beneficiary for project co-financing. The contract for project co-financing is forwarded to the beneficiary and the signing thereof takes place in FAPA premises, on the date fixed by FAPA.

The contract defines FAPA’s obligation to reimburse the eligible costs of the planned project, provided the beneficiary implements the latter in the specified scope and time limits, provides the documentation the costs incurred and discharges his obligations resulting from the contract.

The above mentioned contract with FAPA may be amended at the request of either Party. Any changes should be made in writing in the form of an Amendment or else shall be null and void.

The beneficiary may commence the project implementation as of the moment of signing the contract. Any costs incurred prior to the date of the contract shall not be considered eligible costs.

Support shall be provided through the reimbursement of eligible costs borne by the beneficiary, up to the amount specified in the contract. It is possible to settle the project in stages if thus provided for in the contract.

Upon completion of the project (or a stage thereof) implementation the beneficiary submits to FAPA a claim for payment, complete with the required attachments, including documents in evidence of the costs incurred.

Payment to the beneficiary is made by the Agency for Restructuring and Modernization of Agriculture after verification of the consistency of the implemented projects with the contract and confirmation of payment by FAPA.

Payment may be made after completing the entire project implementation after the beneficiary submits the final project implementation report.

Implementation Diagram

Document	Process	Subject
ANNOUNCEMENT OF COMPETITION	PUBLISHING ANNOUNCEMENT ON TRAINING PROJECTS IMPLEMENTATION	FAPA
APPLICATION FOR AID	SUBMITTING APPLICATION TO FAPA	BENEFICIARY
APPLICATION – VERIFICATION FORM	VERIFICATION of APPLICATION COMPLETENESS AND FORMAL CORRECTNESS EVALUATION OF CONSISTENCY OF APPLICATION WITH THE ELIGIBILITY CRITERIA	FAPA
EVALUATION FORM	EVAULATION PER POINT CRITERIA	SOP STEERING COMMITTEE (SC) WORKING GROUP
PROJECT RANKING LIST	PREPARATION OF PROJECT LIST	SOP SC WORKING GROUP
RESOLUTION	RECOMMENDATION OF PROJECT FOR IMPLEMENTATION TO MARD	SOP STREERING COMMITTEE
DECISION	PROJECT ACCEPTANCE FOR IMPLEMENTATION	MARD
CONTRACT FOR PROJECT CO-FINANCING	CONTRACT CONCLUSION WITH BENEFICIARY	FAPA
IMPLEMENTATION OF A STAGE OF PROJECT		
CLAIM FOR PAYMENT	SUBMITTING CLAIM FOR PAYMENT TO FAPA	BENEFICIARY

CLAIM FOR PAYMENT – VERIFICATION FORM	VERIFICATION OF CLAIM COMPLETENESS AND FORMAL CORRECTNESS VERIFICATION OF CLAIM CONSISTENCY WITH CONTRACT CHECKING COST ELIGIBILITY VERIFICATION OF CALCULATION ACCURACY	FAPA
PAYMENT ORDER	PAYMENT ORDER PREPARATION	FAPA
MONEY TRANSER ORDER	MAKING PAYMENT	ARMA
LEDGER	BOOKING THE PAYMENT	ARMA
IMPLEMENTATION OF THE FINAL STAGE of PROJECT		
CLAIM FOR PAYMENT AND FINAL REPORT ON PROJECT IMPLEMENTATION	SUBMITTING CLAIM FOR PAYMENT AND FINAL REPORT ON PROJECT IMPLEMENTATION TO ARMA	BENEFICIARY
CLAIM FOR PAYMENT – VERIFICATION FORM	VERIFICATION OF CLAIM COMPLETENESS AND FORMAL CORRECTNESS VERIFICATION OF CLAIM CONSISTENCY WITH CONTRACT CHECKING COST ELIGIBILITY VERIFICATION OF CALCULATION ACCURACY	FAPA
PAYMENT ORDER	PAYMENT ORDER PREPARATION	FAPA
MONEY TRANSER ORDER	MAKING PAYMENT	ARMA
LEDGER	BOOKING THE PAYMENT	ARMA

Measure budget for the years 2004-2006 (MEUR)

<i>Measure</i>	<i>European Community EAGGF - Guidance Section</i>	<i>State budget</i>	<i>Local self- government units</i>	<i>Other public</i>	<i>Private</i>
<i>Training (total)</i>	16.00	4.00	-	-	-

3.1.4. Measure 1.4. 'Agricultural advisory and extension service support'

Operational Programme	Sectoral Operational Programme Restructuring and Modernization of the Food Sector and Rural Development
Priority	Supporting changes and adjustments in agricultural and food sector
Measure	Agricultural advisory and extension service support
Sub-measure	None
Structural Fund intervention area	None
Measure No	1.4
Measure duration	2004 – 2006
Managing Authority	Minister of Agriculture and Rural Development
Intermediate Authority	-
Implementing Institution	Foundation of Assistance Programmes for Agriculture
Final Beneficiary	Agency for Restructuring and Modernization of Agriculture
Beneficiaries (project applicants)	Institutions or entities (public or private) involved in agricultural or forestry advisory services
Ultimate beneficiaries (persons, institutions or social groups directly benefiting from implemented support)	Farmers and other persons working in agriculture
Paying Authority	Ministry of Finance – Paying Institution Department
Aid type	Advisory services
Maximum aid amount in % of eligible costs	100%
Total financial support for measure	MEUR 53,75
European Union financial support	MEUR 43
Domestic financial support	MEUR 10,75
Share of private funds as percentage of total funds	0%
Share of public funds as percentage of total funds	100%
EU share as percentage of public funds	80%
EU share as percentage of total funds	80%
Domestic share as percentage of public funds	20%
Domestic share as percentage of total funds	20%
Project selection system	Projects consistent with the Measure objectives and principles, which meet the eligibility criteria (including terms of competition announcement) are evaluated by the SOP SC (SOP Steering Committee) working group as point selection score. The SOP SC recommends projects to MARD for approval and implementation.
Composition of working groups dealing with project selection and of Steering Committees	The SOP Steering Committee (Art. 23 of NDP Act): representatives of the managing authority, ministers relevant to the SOP specificity, the EAGGF-Guidance Section - Monitoring and Control Unit, nationwide organizations of self-government units, and social and economic partners. The Working Group: SOP Steering Committee members or experts.

Structural Fund intervention area – new Measure targeted at new Member States – Accession Treaty Art. 33(g) – concerning the accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic to the European Union.

Financing: EAGGF – Guidance Section contribution up to 80% of eligible costs, co-financing from the state budget. The level of aid granted to the beneficiary is 100% of eligible costs.

Measure objectives

Financial aid available under this Measure will contribute to:

- 1) increasing the effectiveness of utilisation of funds allocated to support agriculture and its modernization and restructuring,
- 2) increasing agricultural holdings' competitiveness and profitability,
- 3) environmental protection,
- 4) improving quality and hygiene of production as well as food safety,
- 5) improving animal welfare,
- 6) disseminating the principles of good agricultural practice .

Measure description

This measure shall support projects related to agricultural advisory services in favor of farmers interested in obtaining aid under the Common Agricultural Policy, CAP Accompanying Measures and the structural policy.

Advisory services shall relate to the principles and procedure of applying for financial support under the following:

- 1) Common Agricultural Policy (CAP): "direct payments",
- 2) the following measures of the Rural Development Plan:
 - a) Support for less-favoured areas (LFA),
 - b) Early retirement,
 - c) Support for semi-subsistence farms,
 - d) Support for agri-environmental undertakings and animal welfare,
 - e) Afforestation of agricultural land,
 - f) Adjustment of agricultural holdings to the EU standards,
 - g) Support for agricultural producer groups,
- 3) the following Measures of the Sectoral Operational Programme:
 - a) 1.1. 'Investment in agricultural holdings',
 - b) 1.2. 'Setting up of young farmers',
 - c) 2.4. 'Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes'.

The beneficiary, is an institution or entity providing advisory services in agriculture or forestry. The beneficiary may not commission the implementation of the project or a part thereof to a sub-contractor.

The ultimate beneficiaries of the measure are farmers and other persons working in agriculture to whom the advisory services will be provided free of charge.

Scope of aid

Support shall cover the following forms of advisory services:

- 1) providing assistance in preparing applications for direct payments, applications for aid, claims for payment, business plans and farm holding development plans,
- 2) advisory assistance essential during the project implementation,
- 3) organizing group advise services for farmers,
- 4) preparing advisory leaflets.

The beneficiary providing the above mentioned services under the contract for project co-financing receives reimbursement of incurred costs in the form of lump payments, calculated on the basis of the number of services delivered and the extent of lump payment rates provided for in the contract.

Maximum co-financing rates for selected advisory services

Advisory service	Maximum rate of aid for advisory service in PLN
1) Direct payments + LFA	75
2) Early retirement	100
3) Support for semi-subsistence farms	300
4) Support for agri-environmental undertakings and animal welfare: a) application b) implementation	700 1000 per year
5) Afforestation of agricultural land: a) application b) implementation	500 600 per year
6) Adjustment of agricultural holdings to the EU standards	400
7) Support for agricultural producer groups	700
8) Investment in agricultural holdings: a) application for aid b) claim for payment	700 300
9) Setting up of young farmers	300
10) Diversification of agricultural activities or and activities close to agriculture to provide multiple activities or alternative incomes: a) application for aid b) claim for payment	600 300

11) Organization of group advisory meetings for farmers	200
12) Preparation of advisory leaflets:	(per printed sheet)
a) black and white,	1,20
b) coloured,	2,00

Level of aid

Maximum level of financial support is 100% of the project eligible costs¹⁹.

If private advisory institution providing the services for Measure 2.4. ‘*Diversification of agricultural activity..*’, aid in this scope will be granted according to provisions of Commission Regulation (EC) No 69/2001 of 12 January 2001 on the application of Articles 87 and 88 of the EC Treaty to *de minimis* aid.

The President of the Office for Competition and Consumer Protection (OCCP) is responsible for monitoring of state aid which encompasses: collecting, processing and transferring information about granted aid (kinds, forms, and amounts). Implementing Institution will be carrying out and submitting the information about granted aid to the President of OCCP.

Beneficiaries

Institutions or entities (public or private) providing advisory services on the subject of agriculture and forestry - legal entities or organizational units without legal personality, whose contractual, charter or by-law objective is providing advisory services in the scope of agriculture or forestry.

Eligibility criteria

1) Applicant:

- a) an institution or entity providing agricultural or forestry advisory services,
- b) does not have any outstanding taxes and social or health insurance premiums.

2) Project:

- a) is consistent with the objective and scope of the Measure as well as terms specified in the competition announcement.

Aid under the measure does not apply to entities providing advisory services in connection with their operation in respect of production and marketing of agricultural or forestry materials, means and equipment.

Aid may not be granted to any entity or institution which is in debt towards FAPA/MARD as a result of breach of principles of previously granted aid.

¹⁹ Reimbursement of eligible costs under this Measure is made on the basis of lump sum rates. The maximum extent of lump rates is settled in the subtitle „Measure description”. The lump rate for advisory services delivered under the project is provided for in the contract for project co-financing.

Project co-financed within the Measure concerned may not be co-financed by other public support funds granted for the implementation of the project concerned.

Project selection criteria

Advisory service projects will be evaluated and selected according to the following criteria:

Criterion	Maximum score
Applicant's experience in delivery of advisory services to farmers	15
Staff and advisors' qualifications	25
Comprehensiveness of advisory services provided by the applicant	10
The applicant's infrastructure and branch offices	10
The planned cost of service	40

Obligations of the beneficiary

The beneficiary is obliged to:

- a) maintain the entire set of original documentation pertaining to project implementation for a period of 5 years from the date of receiving the last payment in this respect,
- b) enable FAPA or other authorized entities to conduct a document or on-the-spot inspection,
- c) submit a monitoring questionnaire to FAPA.²⁰

Other obligations of the beneficiary shall be defined in the contract for project co-financing concluded between the beneficiary and Foundation of Assistance Programmes for Agriculture

Method of providing support

Support will be provided in the form of advisory services.

Geographical range – the whole country

Institutional system:

- 1) Managing Authority: Minister of Agriculture and Rural Development,
- 2) Final Beneficiary: Agency for Restructuring and Modernization of Agriculture (ARMA),
- 3) Implementing Institution: Foundation of Assistance Programmes for Agriculture (FAPA),
- 4) beneficiaries: institutions or entities (public or private) involved in providing agricultural or forestry advisory services,
- 5) ultimate beneficiaries: farmers and other persons working in agriculture,

²⁰ In the case of the Measure concerned, the beneficiary shall, on the basis of the information gathered from ultimate beneficiaries of the Measure, provide the the Implementing Institution with information concerning the results of the project, which will help elaborate impact indicators

Description of implementation system

The Minister of Agriculture and Rural Development as the SOP Managing Authority defines the type and scope of advisory services provided under the Measure concerned, their territorial scope as well as implementation period. On this basis the Foundation of Assistance Programmes for Agriculture (FAPA) announces an advisory services project implementation competition.

Applications for aid shall be submitted to FAPA premises, according to the procedure described in the relevant legislative provisions.

The application for aid is subject to formal verification involving checking consistency of the printout with the electronic version, proper completion of the form and the assuring whether all the required attachments have been submitted.

The registered application for aid is subject to evaluation in terms of consistency with objectives and principles of the Measure, through checking the following:

- 1) consistency of the project with the scope of aid foreseen within the measure,
- 2) meeting all the eligibility criteria by the applicant and the submitted project (including consistency of the project with the terms of competition announcement),
- 3) correctness of calculation of costs and support applied for,

If, as a result of verification, the application concerned is found incomplete or incorrect, the beneficiary shall be asked to supplement or correct the application for aid within 14 days of receiving a relevant call in writing sent to the applicant by the implementing institution.

The date of aid application submission shall be the date of submitting a correct application together with all the required attachments to FAPA. Applications requiring corrections shall be registered in the order of submitting the last correction to FAPA.

Positively verified projects will be evaluated by the SOP Steering Committee working group according to the selection criteria score. On this basis the SOP SC working group makes up project ranking lists. The SOP SC then recommends advisory projects for implementation to the Minister of Agriculture and Rural Development.

If the Minister of Agriculture and Rural Development approves of the project submitted for co-financing FAPA will conclude a contract with the beneficiary for project co-financing. The text of contract shall be forwarded to the beneficiary and the contract shall be signed in FAPA Office, in time fixed by FAPA.

The contract defines FAPA's obligation to reimburse the eligible costs of the project, provided the beneficiary implements the latter in the specified scope and period, provides the documentation of service delivery and discharges his obligations under the contract.

The above described contract with FAPA may be amended at the request of either Party. Any changes shall be made in writing in the form of an Amendment or else shall be null and void.

The beneficiary may commence the project implementation as of the day of signing the contract. Any costs incurred prior to the date of the contract shall not be considered as eligible costs.

Support is provided through the reimbursement of eligible project costs incurred by the beneficiary, up to the amount specified in the contract. Project implementation payment settlement may be effected periodically if so provided for in the contract.

After completion of each stage of the project the beneficiary shall submit to FAPA a claim for payment along with the required attachments, including documents in evidence of the delivery of the services.

Payment to the beneficiary is made by the Agency for Restructuring and Modernization of Agriculture after verification of the consistency of the implemented projects with the contract and confirmation of payment by FAPA.

Payment may be made after completion of the entire project implementation after the beneficiary submits the final report on project implementation.

Implementation Diagram

Document	Process	Subject
ANNOUNCEMENT OF COMPETITION	PUBLISHING ANNOUNCEMENT ABOUT ADVISORY PROJECTS IMPLEMENTATION	FAPA
APPLICATION FOR AID	SUBMITTING APPLICATION TO FAPA	BENEFICIARY
APPLICATION – VERIFICATION FORM	VERIFICATION OF APPLICATION COMPLETENESS AND FORMAL CORRECTNESS EVALUATION OF CONSISTENCY OF APPLICATION WITH THE ELIGIBILITY CRITERIA	FAPA
EVALUATION FORM	EVALUATION PER POINT CRITERIA	SOP STEERING COMMITTEE (SC) WORKING GROUP
PROJECT RANKING LIST	PREPARATION OF PROJECT LIST	SOP SC WORKING GROUP
RESOLUTION	RECOMMENDATION OF PROJECT FOR IMPLEMENTATION TO MARD	SOP STEERING COMMITTEE
DECISION	PROJECT ACCEPTANCE FOR IMPLEMENTATION	MINISTER OF AGRICULTURE AND RURAL DEVELOPMENT
CONTRACT FOR PROJECT CO-FINANCING	CONTRACT CONCLUSION WITH BENEFICIARY	FAPA
IMPLEMENTATION OF A STAGE OF THE PROJECT*		
CLAIM FOR PAYMENT	SUBMITTING CLAIM FOR PAYMENT TO FAPA	BENEFICIARY
CLAIM FOR PAYMENT – VERIFICATION FORM	VERIFICATION OF CLAIM COMPLETENESS AND FORMAL CORRECTNESS VERIFICATION OF CLAIM CONSISTENCY WITH CONTRACT CHECKING COST ELIGIBILITY VERIFICATION OF CALCULATION ACCURACY	FAPA
PAYMENT ORDER	PAYMENT ORDER PREPARATION	FAPA
BANK TRANSFER ORDER	MAKING PAYMENT	ARMA
LEDGER	BOOKING THE PAYMENT	ARMA

FINAL STAGE IMPLEMENTATION OF THE PROJECT		
CLAIM FOR PAYMENT AND FINAL REPORT ON PROJECT IMPLEMENTATION	SUBMITTING CLAIM FOR PAYMENT AND FINAL REPORT ON PROJECT IMPLEMENTATION TO FAPA	BENEFICIARY
CLAIM FOR PAYMENT – VERIFICATION FORM	VERIFICATION OF CLAIM COMPLETENESS AND FORMAL CORRECTNESS VERIFICATION OF CLAIM CONSISTENCY WITH CONTRACT CHECKING COST ELIGIBILITY VERIFICATION OF CALCULATION ACCURACY	FAPA
PAYMENT ORDER	PAYMENT ORDER PREPARATION	FAPA
MONEY TRANSFER ORDER	MAKING PAYMENT	ARMA
LEDGER	BOOKING THE PAYMENT	ARMA

* In the case of advisory service project implementation, a stage means a settlement period.

Measure budget for 2004-2006 (MEUR)

<i>Measure</i>	<i>European Community EAGGF - Guidance Section</i>	<i>State budget</i>	<i>Local self- government units</i>	<i>Other public</i>	<i>Private</i>
<i>Support for agricultural advisory services (total)</i>	43,00	10,75	-	-	-

3.1.5. Measure 1.5. 'Improving processing and marketing of agricultural products'

Operational Programme	Sectoral Operational Programme Restructuring and Modernization of the Food Sector and Rural Development
Priority	Supporting of changes and adjustments in agricultural and food sector
Measure	Improving processing and marketing of agricultural products
Sub-measure	None
Structural Fund intervention area	114
Measure No	1.5
Measure duration	2004-2006
Managing Authority	Minister of Agriculture and Rural Development
Intermediate Authority	-
Final Beneficiary/Implementing Institution	Agency for Restructuring and Modernization of Agriculture
Beneficiaries (applicants)	Natural or legal entities whose statutory aim is the processing of selected agricultural products; wholesale trade in agricultural products, the provision of agricultural products freezing and storage services, egg packaging.
Ultimate Beneficiaries (persons, institutions or social groups directly benefiting from implemented support)	Natural or legal entities whose statutory aim is the processing of selected agricultural products; wholesale trade in agricultural products, the provision of agricultural products freezing and storage services, egg packaging.
Paying Authority	Ministry of Finance - Paying Institution Department
Aid type	Investment grants
Maximum aid amount in % of eligible costs	up to 50% of eligible costs
Total financial support for measure	MEUR 464,29
European Union financial support	MEUR 325
Domestic financial support	MEUR 139,29
Share of private funds as percentage of total funds	50%
Share of public funds as percentage of total funds	50%
EU share as percentage of public funds	70%
EU share as percentage of total funds	35%
Domestic share as percentage of public funds	30%
Domestic share as percentage of total funds	15%
Project selection system	According to the application submission order the formal evaluation will be done at the ARMA Regional Office while the economic evaluation of projects will be carried out by the Head Office of the Agency for Restructuring and Modernization of Agriculture Lists of projects (with positive evaluation) will be forwarded to the National Steering Committee to obtain recommendation.
Composition of working groups dealing with project selection and of Steering Committees	The SOP Steering Committee (Art.23 of the NDP Act) representatives of Managing Authority, ministers relevant to the SOP, EAGGF-Guidance Section - Monitoring and Control Unit, nationwide organizations of self-government units, and social and economic partners.

Structural Fund intervention area – 114

Financing – the contribution of the EAGGF – Guidance Section – up to 35% of total eligible cost. The maximum level of public aid granted to the beneficiary is 50% of eligible cost in that 15% co-financed from the state budget.

Measure objectives

Support will be granted to projects designed to achieve at least one of the following objectives:

- 1) improvement of sanitary-hygienic and veterinary conditions of production,
- 2) market orientation of production and utilization of the existing market niches,
- 3) creation of new and the rationalization of existing sales outlets,
- 4) improvement of production quality,
- 5) increase in value added of production,
- 6) reduction of adverse environmental impact,
- 7) improvement of the logistics structure,
- 8) improvement of animal welfare,
- 9) introduction of new and modernization of the existing production technologies.

Measure description

The measure shall support investment projects in respect of modernization and adjustment of plants dealing with the processing and marketing of agricultural products to the conditions of functioning in the Single Market.

Scope of Aid

The measure shall support projects relating to:

- 1) construction or modernization of production plants or the agricultural product wholesale infrastructure,
- 2) environmental protection investments bringing measurable ecological results,

Detailed scope of eligible costs and eligible rules are provided for Annex No. 1 hereto.

Level of Aid

The maximum level of financial aid is 50% of total eligible costs, however, not more than PLN 20,000,000.00 per one entity for the period of duration of the programme. Furthermore, the amount of financial support for the implementation of one project cannot be lower than PLN 100,000.00 .

If an entrepreneur's business activity includes several separate organizational units that are independent with regard to financial reporting, the above limits of the amount of aid are calculated separately for each unit.

Beneficiaries

Natural or legal entities whose statutory aim is the processing of selected agricultural products (in sectors defined in **Eligibility Criteria**); agricultural product wholesale, commercial freezing and storage of agricultural products, egg packaging.

Eligibility criteria

- 1) aid may be granted for projects related to the processing and marketing of agricultural products covered by Annex I to the EC Treaty, except fishery and forestry products and agricultural products originating from third countries. In the case of fruit and vegetable processing the support for plants, which process raw materials from third countries, is allowed provided that the share of these materials does not exceed 30 per cent of the total volume of processed agricultural products (in terms of value). In such case the level of aid is reduced proportionally to the declared share of raw materials from third countries,
- 2) the entity applying for support operates in sectors defined below,

PKD Number	Sector
15.51.Z	Milk processing and cheese production
15.11.Z	Meat production excluding poultry and rabbit meat
15.12.Z	Poultry and rabbit meat production
15.13.A	Canned food production, processed meat, offal's and blood products
15.32.Z	Fruit and vegetable juice production
15.33.A	Fruit and vegetable processing not classified elsewhere with the exception of service rendering
15.61.Z	Grain milling products
15.62.Z	Starch and starch products manufacturing – pertains exclusively to entities involved in potato starch processing
15.71.Z	Production of feeds for farm animals
15.89.Z	Production of other foodstuffs not classified elsewhere – pertains to entities producing powdered eggs, fresh or preserved egg yolks, egg whites
15.89.Z	Production of other foodstuffs not classified elsewhere - pertains to entities processing hop for extract and granules
15.89.Z	Production of other foodstuffs not classified elsewhere – pertains to entities producing bakers' and edible yeast
15.89.Z	Production of other foodstuffs not classified elsewhere – pertains to entities involved in honey processing
17.17.Z	Other production of yarn out of textile fibers – pertains to entities dealing in preparation of flax and hemp fibres
63.12.C	Warehousing and storage of products in other storage facilities – pertains to entities dealing in commercial freezing and storage of agricultural products..
51.22.Z	Wholesale of flowers and plants
51.31.Z	Wholesale of fruits and vegetables
01.42.Z	Egg packaging

- 3) in case of business entities which do not operate in sectors listed in point 2, support may only be granted for the implementation of environmental protection projects,
- 4) the business concerned exhibits economic viability, i.e. it is capable of implementing the planned investment and further profitable operation in the market in the given sector. The viability of the business will be assessed based on the analysis of economic data on past business activity and the presented draft project. If the

entrepreneur does not have funds to implement the entire planned investment, he shall be required to present the consent by a bank or other financial institution to grant an investment credit.

- 5) in case of investments assuming the increase of production capacity , granting aid shall depend on proving the sales outlets for the planned production. Compliance with this condition shall be verified by comparison of the sales plan presented by the applicant and data comprised in the relevant study of the agricultural product processing sector, performed and regularly updated by independent experts,
- 6) the investment is not related to retail sales level,
- 7) the granting of aid shall depend on the plant meeting hygiene, sanitary, veterinary, environmental protection and animal welfare standards. In case of milk and meat processing plants that have applied for transition periods for structural adjustments to the EC veterinary and sanitary standards and have prepared individual remedial action schedules regarding structural adjustments, these standards must be met after completion of the project. The support for plants with transition periods may only pertain to the fulfilment the obligation resulting from the remedial action schedules,
- 8) the planned project relates to benefits for agricultural producers.

This means, that:

a) in the case of entities involved in the processing agricultural products support may be granted if, after completing the project implementation and for the period of following 5 years, the beneficiary will be obtaining raw material supplies on the basis of contracts (encompassing at least a period of 1 year) with agricultural producers. These contracts should cover at least 50% of the processed raw materials (by value),

In the case of entities involved in processing of the preprocessed agricultural products, after completion the project implementation and for the period of the following 5 years, the beneficiary is obliged to utilize in the processing at least 50% (by value) of preprocessed agricultural products, purchased from entities which acquired the raw materials for their production under contracts with agricultural producers,

Due to the specificity of honey obtaining organisation, entities processing honey are not obliged to conclude contracts with agricultural producers.

Due to specificity of dairy cooperatives organisation, entities running this activity are not obliged to conclude contracts with agricultural producers.

b) in the case of entities involved in packaging eggs support may be granted if, after completing the project implementation and for the period of following 5 years, the beneficiary will be obtaining raw material supplies on the basis of contracts (encompassing at least a period of 1 year) with agricultural producers. These contracts should cover at least 50% of the obtained raw materials (by value),

c) in the case of entities involved in commercial freezing and storage of agricultural products support may be granted if after completing the project implementation and for the period of following 5 years, the beneficiary will be obtaining the raw material supplies on the basis of contracts (encompassing at least a period of 1 year) with agricultural producers or entities, which acquired the raw materials for the production under the contracts with agricultural producers. These contracts should cover at least 50% of storage capacity possessed,

d) in the case of wholesale entities support may be granted if after completing the project implementation and for the period of following 5 years, the beneficiary will be obtaining agricultural products on the basis of contracts (encompassing at least a period of 1 year) with agricultural producers. These contracts should cover at least 50% of obtained agricultural products (presented in value terms) designated for sale,

- 9) The construction of new production plant may be eligible for support if relevant documentation proving raw material base has been provided or if such construction involves a transfer of already existing plant (cessation of production in one location and commencing in another within a new investment) which will continue production in the same sector,
- 10) If the entity where the project is to be implemented is leased the tenant is obliged to present a written lease agreement for a period of at least 5 years from the moment of the last payment and a written consent of the owner of the real estate to the planned project implementation,
- 11) A project co-financed by the Measure may not be co-financed from other public funds granted for implementation of this project.

Moreover, current payment of all tax obligations and ZUS (social security and health insurance) premiums is a condition for granting financial support.

Support may not be granted to an entity in debt to ARMA due to a breach of principles and conditions of previously granted support.

Beneficiary obligations

The beneficiary may not change the investment target or sell, rent, lease, etc. any buildings, structures, machines and equipment constructed or modernized with the use of financial aid granted under a contract for project co-financing concluded with ARMA within 5 years of the day of the last payment.

Other duties of the beneficiary are stipulated in the co-financing agreement concluded between the latter and ARMA.

Moreover, the beneficiary is obliged to:

- 1) keep the entire set of documentation pertaining to project implementation for a period of 5 years from the date of receipt of the last payment from ARMA in respect of that project,
- 2) enable ARMA or other authorized entities to conduct a document or site inspection,
- 3) submit monitoring questionnaires with ARMA.

Geographical range – the whole country

Institutional system:

- 1) Managing Authority: Minister of Agriculture and Rural Development,
- 2) Implementing Institution: Agency for Restructuring and Modernization of Agriculture (ARMA),
- 3) Final Beneficiary: Agency for Restructuring and Modernization of Agriculture (ARMA),

- 4) beneficiary: Natural or legal entities whose statutory aim is the processing of selected agricultural products; wholesale of agricultural products, commercial freezing and storage of agricultural products, egg packaging,
- 5) ultimate beneficiaries: Natural or legal entities whose statutory aim is the processing of selected agricultural products; wholesale of agricultural products, commercial freezing and storage of agricultural products, egg packaging,

Description of implementation system

Applications for aid shall be submitted to ARMA RO appropriate as to the project implementation location and according to the procedure described in the relevant legal provisions.

In the ARMA RO the application for aid is verified for consistency of the printout with the electronic version, and undergoes formal verification in terms of correctness of form completion and the number of attachments.

If, as a result of the verification process the application is found incorrect or lacking the required attachments, the implementing institution shall call the applicant in writing to correct and supplement the application within 14 days of receiving the call concerned. .

The date of application submission shall be the date on which the ARMA RO received a properly filled out application with a complete set of required attachments, which means that an incomplete application requiring supplementing will be registered as submitted on the day on which the last missing document has been submitted to ARMA.

Application for aid shall be verified in terms of consistency with the Measure objectives and principles, through checking the following:

- 1) consistency of the project with the scope of aid foreseen within the measure,
- 2) meeting the eligibility criteria,
- 3) correctness of cost and applied for aid amount calculation.

The lists with positively evaluated projects are forwarded to the SOP Steering Committee recommendation. In case of obtaining recommendation, ARMA signs the contract for project co-financing with the beneficiary.

The contract for project co-financing is forwarded to the Applicant and the signing thereof takes place in the ARMA Regional Office.

The contract defines ARMA's obligation to co-finance the planned project on condition that the beneficiary implements the said project within the specified scope and period, documents all costs incurred and discharges all obligations under the contract.

The contract for project co-financing concluded with ARMA may be amended at the request of either Party. Any changes should be made in writing in form of an Amendment or else shall be null and void.

The beneficiary may commence the project implementation as soon as the contract for the project co-financing is signed. Any costs incurred prior to the date of contract for the project co-financing conclusion shall not be considered as eligible. This principle does not apply to

certain general costs which may be incurred prior to contract signing but not before January 1, 2004.

Claim for payment is submitted to the ARMA Regional Office. Payment is made against the beneficiary's claim for payment submitted complete with all required attachments (including documents in evidence of the costs borne), after the ARMA checks compliance of project implementation with the contract for project co-financing.

Payment in favour of the Beneficiary is made as a single payment upon completion of the whole project implementation or in two stages (if so agreed in the contract). . In case of projects with planned amount of aid exceeding PLN 10 million , it is admissible to implement the project in maximum four stages. In the case of multi-stage projects, the beneficiary submits separate claims for payments upon the completion of each stage.

Payment upon completion of the whole project may be effected following the submission of the final report on project implementation by the beneficiary.

Detailed principles for processing applications for aid and claims for payment are defined in ARMA procedures approved by MARD.

Implementation Diagram

Document	Process	Subject
APPLICATION FOR AID	SUBMITTING APPLICATION TO ARMA REGIONAL OFFICE	BENEFICIARY
APPLICATION FOR AID – VERIFICATION FORM	VERIFICATION OF APPLICATION COMPLETENESS AND FORMAL CORRECTNESS EVALUATION OF CONSISTENCY OF APPLICATION WITH THE PROGRAMME SUBSTANTIAL EVALUATION	ARMA
CONTRACT FOR PROJECT CO-FINANCING	CONCLUSION OF CONTRACT FOR PROJECT CO-FINANCING WITH THE BENEFICIARY	ARMA
IMPLEMENTATION OF STAGE I OF THE PROJECT		
CLAIM FOR PAYMENT	SUBMITTING THE CLAIM FOR PAYMENT WITH ARMA	BENEFICIARY
CLAIM FOR PAYMENT – VERIFICATION FORM	VERIFICATION OF CLAIM COMPLETENESS AND FORMAL CORRECTNESS VERIFICATION OF CLAIM CONSISTENCY WITH CONTRACT CHECKING FOR COST ELIGIBILITY VERIFICATION OF CALCULATIONS ACCURCECY	ARMA
PAYMENT ORDER	PAYMENT ORDER PREPARATION	ARMA
MONEY TRANSER ORDER	MAKING PAYMENT	ARMA
LEDGER	BOOKING THE PAYMENT	ARMA
IMPLEMENTATION OF STAGE II OF THE PROJECT (*)		
CLAIM FOR PAYMENT TOGETHER WITH REPORT ON PROJECT IMPLEMENTATION	CLAIM FOR PAYMENT TOGETHER WITH REPORT ON PROJECT IMPLEMENTATION TO ARMA REGIONAL OFFICE (RO)	BENEFICIARY
CLAIM FOR PAYMENT AND REPORT ON PROJECT IMPLEMENTATION VERIFICATION FORM	VERIFICATION OF CLAIM COMPLETENESS AND FORMAL CORRECTNESS VERIFICATION OF CONSISTENCY OF CLAIM FOR PAYMENT AND	ARMA

	REPORT ON PROJECT IMPLEMENTATION WITH CONTRACT CHECKING FOR COST ELIGIBILITY VERIFICATION OF CALCULATIONS ACCURCECY	
PAYMENT ORDER	PAYMENT ORDER PREPARATION	ARMA
MONEY TRANSER ORDER	MAKING PAYMENT	ARMA
LEDGER	BOOKING THE PAYMENT IN LEDGER	ARMA

(*) If a project is implemented in a single stage, the procedure is the same as for stage II.

Method of granting support

Financial support will be granted in the form of investment grants.

Measure budget for 2004-2006 (in MEUR)

<i>Measure</i>	<i>European Community EAGGF - Guidance Section</i>	<i>State budget</i>	<i>Local - government units</i>	<i>Other public</i>	<i>Private</i>
<i>Improving the processing and marketing of agricultural products (total)</i>	325,00	139,29	-	-	464,29

3.2. Priority II – Sustainable development of rural areas

3.2.1. Measure 2.1. 'Restoring forestry production potential damaged by natural disaster and/or fire and introducing appropriate preventive measures'

Operational Programme	Sectoral Operational Programme Restructuring and Modernization of the Food Sector and Rural Development
Priority	Sustainable development of rural areas
Measure	Restoring forestry production potential damaged by natural disaster and/or fire and introducing appropriate preventive measures
Sub-measure	None
Structural Fund intervention area	125
Measure No.	2.1
Measure duration	2004-2006
Managing Authority	Minister of Agriculture and Rural Development
Intermediate Authority	-
Final Beneficiaries/Implementing Institution	Agency for Restructuring and Modernization of Agriculture
Beneficiaries (applicants)	State Forests
Final Beneficiaries (persons, institutions or social groups directly benefiting from implemented support)	State Forests – Forestry Inspectorates and owners of forests not owned by the State Treasury
Paying Authority	Ministry of Finance - Paying Institution Department
Aid type (e.g. investment grants, training, advisory services)	Investment grants
Maximum aid amount in % of eligible costs	100%
Total financial support for measure	MEUR 12.5
European Union financial support	MEUR 10
Domestic financial support	MEUR 2.5
Share of private funds as percentage of total funds	0%
Share of public funds as percentage of total funds	100%
EU share as percentage of public funds	80%
EU share as percentage of total funds	80%
Domestic share as percentage of public funds	20%
Domestic share as percentage of total funds	20%
Project selection system	By order of filed applications; ARMA Regional Offices decide on the project eligibility
Composition of working groups dealing with project selection and of Steering Committees	Do not participate in project selection.

Structural Fund intervention area - 125

Financing – contribution of EAGGF – Guidance Section – up to 80% of total eligible costs. The level of aid granted to the beneficiary is 100%, of which 20% originates from the state budget.

Measure objectives

The measure is aimed at the restoration of economic, ecological and social functions of forests damaged by natural disasters or fire and the introduction of appropriate preventive measures to avoid such damage in the future.

Measure description

The measure objective will be obtained by clearing the damaged forest surface areas, preparation of forest seedling materials, gradual renewal of destroyed tree stands along with care and protection of new cultivated areas, care and protection of the damaged tree stands in all age classes as well as valuable natural monuments, providing access to the forests for visitors and modernising tourist and education facilities as well as improving forest fire protection systems.

Financial aid will be granted under this measure in the event of a natural disaster (wind storms, snow formations, floods, avalanche, land slide, harmful biotic factors) or fire in all forest areas in Poland regardless of the ownership.

The Measure will be implemented first of all in the forest areas of north-eastern Poland according to the geographical extent of damages caused by a hurricane on July 4, 2002.

Work will be carried out pursuant to the provisions of the **Strategy of developing the areas affected by the hurricane of 4 July 2002 for breeding and protection purposes.**

Scope of Aid

The support will be granted for the projects associated with:

- 1) the preparation of forest reproduction material in order to restore the damaged forests,
- 2) clearing the damaged forest area,
- 3) renewal of forest including care and protection of forest crops,
- 4) care and protection of damaged tree stands and valuable natural monuments,
- 5) providing access to the forests for visitors and modernizing tourism and education facilities,
- 6) improvement of the fire protection system.

Detailed scope of eligible costs and eligibility rules are provided for in Annex 1 hereto.

Level of Aid

The maximum level of aid for the beneficiary/aid is 100% of total eligible costs.

Beneficiaries

State Forestry Inspectorates as well as private forest owners (owners, tenants or perpetual users of non-state forests, except local government units), who will apply for the restoration of their forests under the comprehensive project implemented by a given State Forestry Inspectorate.

Eligibility criteria

- 1) aid may be granted for the implementation of projects in the areas which suffered from direct damage caused by a natural disaster or the areas with an increased risk resulting from a natural disaster or fire (group B in 'Geographical range').
- 2) projects submitted by Forestry Inspectorates in respect of the forests not deemed to be directly damaged by a natural disaster or fire, may only cover preventive measures having impact on the protection of forest areas directly damaged by natural disaster,
- 3) during the project preparation Forestry Inspectorate has to notify, the owners of private forests of the project under consideration and take into account those private forests which have been declared by their owners,
- 4) the project co-financed under the Measure may not be co-financed from other public support funds granted for implementation of this project,
- 5) the implemented projects should take into account fire protection rules in relation to fire risk category for the forest area covered by the project,
- 6) the financial aid is granted provided that the Beneficiary is not in arrears with tax and social security insurance payments in ZUS,

Fire risk categories relating to forest areas are defined in Annex 6 to the SOP Complement.

Aid may not be granted and accorded to an entity which is indebted towards ARMA due to a breach of conditions of the previously granted aid.

Beneficiary obligations

The beneficiary is obliged to:

- 1) keep the entire set of documentation associated with the project implementation for a period of 5 years from the date of last payment by the ARMA in this respect,
- 2) allow ARMA or other authorized entities to control the documents or to carry out the on-the-spot inspections.

Geographical range

The Measure shall be implemented in respect of the restoration of the forest potential and introduction of appropriate preventive measures in forest areas damaged by the hurricane of July 4, 2002, i.e.:

- 1) (group A) Forestry Inspectorates: Borki, Drygały, Czerwony Dwór, Giżycko, Nowogród, Pisz, Ostrołęka, Myszyniec, Rudka,
- 2) (group B) Forestry Inspectorates: Maskulińskie, Gołdap, Olecko, Spychowo, Strzałowo and Mrągowo – Mrągowo district – in the areas adjacent to areas damaged by the disaster and functionally linked with these areas,

Institutional system:

- 1) Managing Authority: Minister of Agriculture and Rural Development,
- 2) Implementing Institution: Agency for Restructuring and Modernization of Agriculture (ARMA),
- 3) Final Beneficiary: Agency for Restructuring and Modernization of Agriculture (ARMA),
- 4) beneficiaries: State Forests,
- 5) ultimate beneficiaries: Forestry Inspectorates and the owners of private forests,

Description of implementation system

Applications for aid shall be submitted to ARMA RO according to the procedure described in the relevant legislative provisions.

The application for aid is checked in the Regional Office of ARMA for the conformity of hard copy with the electronic version, and formally examined for proper form filling and completeness of enclosures.

If any inconsistencies are found between the electronic version and the printout the application will be rejected. If it is found that the submitted documentation is incomplete, the application must be supplemented within 14 days of the date of receipt of a call in writing sent by the ARMA Regional Office to the applicant..

The date of application submission is the date on which ARMA Regional Office received a properly filled in application with all required enclosures. Application which had to be supplemented will be registered in the ARMA Regional Office on the date on which the last missing document is submitted.

The registered application for aid is verified for compliance with the Measure objectives and principles by checking the following:

- 1) consistency of the project with the scope of aid envisaged under the Measure,
- 2) consistency with the aid eligibility criteria,
- 3) correctness of cost calculations; and aid applied for.

Projects, which meet all requirements laid down for this Measure, are approved for implementation within the available funds according to the submission (registration) order of applications.

A project is formally approved for implementation on the day of concluding a contract for project co-financing between ARMA and the beneficiary. The contract is forwarded to the beneficiary and it is signed in the ARMA Regional Office.

The contract stipulates ARMA commitment towards the beneficiary to co-finance the planned project provided that the beneficiary will implement the project within the defined scope and time, provide evidence of all incurred costs and fulfill all the contractual obligations.

After the contract is signed, the beneficiary selects suppliers of products and services for the project according to the requirements of the Public Procurement Act. After the tender is awarded, the beneficiary has to notify of the project costs resulting from the tendering procedure. Where the cost of project is lower than planned, the contract for co-financing is amended in the scope of aid amount.

The contract concluded with ARMA may be amended at the request of either Party. Any change in the contract terms must be made in writing in the form of an Amendment or else shall be null and void.

The beneficiary may commence the project implementation as soon as the contract for the project co-financing is signed. Any costs incurred prior to the date of contract for the project co-financing conclusion shall not be considered as eligible. This principle does not apply to certain general costs which may be incurred prior to contract signing but not before January 1, 2004.

Claim for payment is submitted to the ARMA Regional Office. Payments are made after the beneficiary submits the claim for payment complete with all required attachments (including the incurred cost evidence) and the ARMA checks the consistency of project implementation with the contract.

Payment to the beneficiary is made in one amount after the project implementation is completed or (if the contract stipulates so) in two amounts. In the latter case the beneficiary submits two payment requests – after the completion of the first stage and after the completion of the entire project. Payment after the whole project is completed may be made after the beneficiary submits the final report on the project implementation.

Detailed rules of handling applications for project co-financing and claims for payment are laid down in the ARMA procedures approved by the Minister of Agriculture and Rural Development.

Implementation Diagram

Document	Process	Subject
APPLICATION FOR AID	SUBMITTING APPLICATION FOR AID TO THE ARMA REGIONAL OFFICE	BENEFICIARY
APPLICATION FOR AID- VERIFICATION FORM	VERIFICATION OF APPLICATION FOR COMPLETENESS AND FORMAL CORRECTNESS EVALUATION IF THE CONSISTENCY OF APPLICATIONS WITH THE PROGRAM TECHNICAL EVALUATION	ARMA
CONTRACT FOR PROJECT CO-FINANCING	CONCLUSION OF CONTRACT WITH BENEFICIARY	ARMA
STAGE I OF THE PROJECT IMPLEMENTATION		
CLAIM FOR PAYMENT	SUBMITTING CLAIM FOR PAYMENT TO ARMA	BENEFICIARY
CLAIM FOR PAYMENT – VERIFICATION FORM	VERIFICATION OF CLAIM COMPLETENESS AND FORMAL CORRECTNESS	ARMA

	VERIFICATION OF THE CONSISTENCY OF APPLICATION WITH THE CONTRACT CHECKING COST ELIGIBILITY VERIFICATION OF CALCULATION ACCURACY	
PAYMENT ORDER	PAYMENT ORDER PREPARATION	ARMA
BANK TRANSFER ORDER	MAKING PAYMENT	ARMA
LEDGER	BOOKING THE PAYMENT	ARMA
STAGE II OF THE PROJECT IMPLEMENTATION - (*)		
CLAIM FOR PAYMENT AND FINAL REPORT ON THE PROJECT IMPLEMENTATION	CLAIM FOR PAYMENT AND PROJECT SUBMITTED TO ARMA REGIONAL OFFICE	BENEFICIARY
CLAIM FOR PAYMENT AND FINAL REPORT ON THE PROJECT IMPLEMENTATION VERIFICATION FORM	VERIFICATION OF APPLICATION COMPLETENESS AND FORMAL CORRECTNESS VERIFICATION OF THE CONSISTENCY OF CLAIM FOR PAYMENT AND FINAL REPORT ON THE PROJECT IMPLEMENTATION WITH CONTRACT CHECKING OF COST ELIGIBILITY VERIFICATION OF CALCULATION ACCURACY	ARMA
PAYMENT ORDER	PAYMENT ORDER PREPARATION	ARMA
BANK TRANSFER ORDER	MAKING PAYMENT	ARMA
LEDGER	BOOKING THE PAYMENT	ARMA

(*) When the project implementation is completed in a single stage, the procedure is the same as for stage II.

Measure budget in the years 2004-2006 (MEUR)

<i>Measure</i>	<i>European Community EAGGF - Guidance Section</i>	<i>State budget</i>	<i>Local government units</i>	<i>Other public funds</i>	<i>Private</i>
<i>Restoring forestry production potential damaged by natural disaster and/or fire and introducing appropriate preventive measures. (total)</i>	10,00	2,50	-	-	-

3.2.2. Measure 2.2. 'Land re-parcelling'

Operational Programme	Sectoral Operational Programme Restructuring and Modernization of the Food Sector and Rural Development
Priority	Sustainable development of rural areas
Measure	Land re-parcelling
Sub-measure	None
Structural Fund intervention area	1302
Measure No	2.2.
Measure duration	2004 - 2006
Managing Authority	Minister of Agriculture and Rural Development
Intermediate Authority	-
Implementing Institution	Marshal Offices
Final Beneficiary	Agency for Restructuring and Modernization of Agriculture
Beneficiaries (applicants)	The head of powiat
Ultimate Beneficiaries (persons, institutions or social groups directly benefiting from implemented support)	Farmers- re-parcelling participants
Paying Authority	Ministry of Finance - Paying Institution Department
Aid type	Investment grants
Maximum aid amount in % of eligible costs	100%
Total financial support for measure	MEUR 21.25
European Union financial support	MEUR 14
Domestic financial support	MEUR 4.25
Share of private funds as percentage of total funds	0%
Share of public funds as percentage of total funds	100%
EU share as percentage of public funds	80%
EU share as percentage of total funds	80%
Domestic share as percentage of public funds	20%
Domestic share as percentage of total funds	20%
Project selection system	Applications fulfilling the requirements for Programme participation are transferred to the Regional Steering Committee (RCS) in form of a ranking list of projects. The RCS approves the list and recommends it to the Voivodship Board. The Voivodship Board selects facilities and enters into contract with the heads of powiats for implementing the selected re-parcelling projects and for financing the land management after re-parcelling.
Composition of working groups dealing with project selection and of Steering Committees	The Regional Steering Committee (Art.23 of National Development Plan Act): representatives of all levels of local government authorities, government administration, managing institutions and socio-economic partners.

Structural Fund intervention area – 1302

Financing: EAGGF – Guidance Section contribution up to 80% of total eligible cost, co-financing from state budget. Public aid level for the beneficiary up to 100% of eligible costs.

Measure objectives

Public support available under this Measure will contribute to:

- 1) improvement of farm holding area structure,
- 2) reduction in the number of agricultural plots within individual agricultural holding,
- 3) reduction in the number of agricultural plots with shapes unsuitable for mechanized farming,
- 4) allocation of equivalent areas of land for farmers near their farm holdings,
- 5) laying out and construction of a functional agricultural transport road network suitable for currently used agricultural machines,
- 6) ensuring that each re-parcelled agricultural plot has access to a public road,
- 7) adjustment of agricultural plot boundaries to the land improvement facilities and land configuration,
- 8) allocation of areas necessary for the purposes of technical and social infrastructure during the re-parcelling process – without expropriation procedures,
- 9) creation of spatial conditions for increasing the forestage of the country,
- 10) liquidation of neglected joint land properties,
- 11) preparation of cadastral documentation for property-parcelled areas, the documentation to meet the current technical parameters at reasonable expenditure,
- 12) creation of conditions for overall synchronization of cadastral documentation with land and mortgage registers.

Measure description

Re-parcelling activities are conducted in areas of significant fragmentation and dispersion of agricultural holdings' lands. That is why the support for re-parcelling activities is aimed at improvement of distribution of lands in individual agricultural holdings. A reduction in the number of agricultural plots within one agricultural holding leads to a greater farming efficiency due to: lower transport costs and facilitation of mechanisation processes of soil cultivation. The re-parcelling project shall also cover post re-parcelling land development which shall be compatible with environment protection requirements.

The scope of aid

The following activities will be financed under this measure:

- 1) the drawing up of land-survey and legal documentation,
- 2) the post re-parcelling land development linked to the organisation of production areas,.

Detailed scope of eligible costs and eligibility rules are provided for in Annex 1 hereto.

Aid amount

Equal to total eligible project cost.

Beneficiaries

The head of powiat.

Eligibility criteria

- 1) the application for land re-parcelling submitted to the powiat head confirmed by at least 50% of agricultural holding owners from the project area or by the owners of land the total area of which exceeds 50% of the project area surface,
- 2) land re-parcelling projects will be implemented on condition of compliance with the **Re-parcelling and Land Replacement Act** of March 26, 1982 (Journal of Laws of 2003 No 178, item 1749 as amended) And on condition of conducting environmental impact assessment, in accordance with the provisions Environment Protection Act of 27 April, 2001 (Journal of Laws No. 62, item 627 as amended),
- 3) the beneficiary may not benefit from non-returnable or preferential financial aid (foreign or national) covering the costs of the project co-financed from EAGGF-Guidance Section

Project selection criteria

Criteria	Maximum score
1) The percentage of agricultural holding owners applying for re-parcelling whose lands are in the project area, or 2) The percentage of land in the project area, whose owners applied for re-parcelling,	a) 51 points* or b) 51 points
Reduction in the number of agricultural plots within individual agricultural holdings	1 point
Reduction in the number of agricultural plots with unsuitable shape for mechanized farming	1 point
Allocation of equivalent land for farmers in the vicinity of their farms	1 point
Laying out and construction of a functional agricultural transport road network suitable for currently used agricultural machines	1 point
Ensuring that each re-parcelled agricultural plot has access to a road of a public road nature	1 point
Adjustment of agricultural plot boundaries to land improvement facilities and land configuration	1 point
Allocation of areas necessary for technical and social infrastructure during the re-parcelling process – without expropriation procedures	1 point
Creation of conditions for increasing the forestage of the country	1 point
Liquidation of neglected joint land properties	1 point
TOTAL	60 points

*

The percentage of agricultural holding owners applying for re-parcelling / percentage of land, the owners of which applied for re-parcelling over...up to...	Score
50-60	11
60-70	21
70-80	31
80-90	41
90-100	51

The following applications will be preferable:

- 1) supported by submittals of agricultural holding owners whose number significantly exceeds 50% of farm owners from the planned land re-parcelling area, or
- 2) supported by submittals of owners of land, the total area of which considerably exceeds half the surface of the project area,
- 3) and application from areas where the Measure objectives may be achieved as fully as possible,

Obligations of the beneficiary

The beneficiary may not designate the granted support for any investment not indicated in the re-parcelling projects. Other obligations of the beneficiary will be defined in the contract concluded with the implementing institution for granting support for re-parcelling project and financing the post re-parcelling management.

The beneficiary is obliged to:

- 1) maintain the entire set of documentation on project implementation for a period of 5 years as of the day of the last payment made by ARMA for that implementation,
- 2) enable the competent Marshal Office, ARMA or other authorized entities to carry out document or on-the-spot inspection during the project implementation and for a period of 5 years after the last payment,
- 3) submit a monitoring questionnaire.

Geographical range – the whole country

Institutional system

- 1) Managing Authority: Minister of Agriculture and Rural Development,
- 2) Implementing Institution: Marshal Office,
- 3) Final Beneficiary: Agency for Restructuring and Modernization of Agriculture (ARMA),
- 4) beneficiaries: Powiat Head Offices,
- 5) ultimate beneficiaries: farmers – participants of re-parcelling,

Description of implementation

Applications for aid shall be submitted to a Marshal Office appropriate with respect to the project location, according to the procedure described in the relevant legal provisions.

Appointed organizational units of the Marshal Office conduct formal verification of the application by checking whether it was submitted on time, whether the form is completed correctly and whether all the attachments have been provided.

Application for aid is subject to verification in terms of compliance with the SOP principles by checking the following:

- 1) consistency of the project with the objectives and scope of aid foreseen within the Measure,
- 2) correctness of calculation of the cost and aid applied for.

Beneficiaries shall be asked to supplement or correct applications which, following their verification, have been found incorrect or lacking some attachment. Necessary corrections

should be made within 14 days of the receipt by the applicant concerned of a relevant call sent by the implementing institution.

The date of submitting aid application shall be the date on which a correct and complete application was submitted to a Marshal Office. Applications requiring corrections shall be registered in the order of submitting the last correction to the Marshal Office.

Approval of projects for implementation by the Voivodship Board, in the form of a resolution. The approval is preceded by drawing up a list of projects and project ranking lists to be submitted to the Regional Steering Committee for approval.

A project is formally accepted for implementation at the moment of signing a contract for project co-financing. The contract is concluded between the Voivodship Board and the Applicant.

After signing the contract for co-financing, the beneficiary (powiat head) continues re-parcelling activities, which are conducted in accordance with Art. 3 and 4 of Land Re-parcelling Act of 26 March, 1982, however the selection of suppliers and services in the framework of post re-parcelling management is made by the powiat head pursuant to Public Procurement Act. . Upon the finalisation of tender procedure the beneficiary is obliged to submit information on the project costs resulting from the tender procedure. Where the cost of the project is lower than planned a correction of the amount of support is made in the contract.

The Agency for Restructuring and Modernization of Agriculture receives a copy of the contract as the Final Beneficiary, i.e. the institution which makes payments in favour of the beneficiary.

The project co-financing contract may be modified at the request of either Party.

Any change in the terms of the contract is to be made in writing in the form of an Amendment or else it is null and void.

The beneficiary may commence the project implementation as soon as the contract for the project co-financing is signed. Any costs incurred prior to the date of contract for the project co-financing conclusion shall not be considered as eligible. This principle does not apply to certain general costs which may be incurred prior to contract signing but not before January 1, 2004.

The beneficiary shall submit a claim for payment to the competent Marshall Office upon completion of implementation of the whole project or a stage of the project defined individually for a particular re-parcelling area in the contract. The claim for payment shall be accompanied by the required attachments, particularly evidence of payments made. The Marshal Office shall assess the completeness and correctness of the claim and compliance of project implementation with the contract. Payment to the beneficiary shall be effected by ARMA based on authorization by the competent Marshal Office. The Agency shall inform the competent Marshal Office about the effected payment.

Payment to the beneficiary is made after the completion of each phase of project implementation established individually for each respective re-parcelling area in the contract.

The Agency for Restructuring and Modernization of Agriculture (ARMA) is obliged under the said contract to co-finance the planned project, provided that the beneficiary implements the project within the specified scope and period, documents the costs incurred and discharges all obligations resulting from the support granting principles defined above.

The concluded contract for project co-financing may be changed on request by the beneficiary.

Upon completion of the project implementation, the beneficiary is obliged to submit, along with the final claim for payment, a final project implementation report containing the summary of the entire project.

Implementation Diagram

Document	Process	Subject
APPLICATION FOR AID	SUBMITTING APPLICATION FOR AID TO MARSHAL OFFICE	POWIAT HEAD OFFICE WITH THE PARTICIPATION OF OFFICE OF GEODESY AND AGRICULTURAL AREAS
APPLICATION FOR AID – VERIFICATION FORM	VERIFICATION OF COMPLETENESS AND FORMAL CORRECTNESS OF APPLICATION EVALUATION OF COMPLIANCE WITH THE PROGRAMME	MARSHAL OFFICE
PROJECT LIST	EVALUATION ACCRODING TO SCORING CRITERIA A LIST OF PROJECTS MEETING THE PROGRAMME REQUIREMENTS	MARSHAL OFFICE
PROJECT RANKING LIST	PREPARATION OF PROPOSED RANKING LISTS WITH EVALUATION SUBMITTING PROJECT RANKING TO REGIONAL STEERING COMMITTEE	MARSHAL OFFICE
PROJECT RANKING LIST	PROJECT RANKING APPROVAL	RSC (REGIONAL STEERING COMMITTEE)
LIST OF PROJECTS TO BE IMPLEMENTED	APPROVAL OF PROJECTS TO BE IMPLEMENTED	VOIVODSHIP BOARD
CONTRACT FOR PROJECT CO-FINANCING	CONCLUSION OF PROJECT IMPLEMENTATION CONTRACT	VOIVODSHIP BOARD
PROJECT STAGE IMPLEMENTATION		
CLAIM FOR PAYMENT	SUBMITTING CLAIM FOR PAYMENT AFTER STAGE OF PROJECT COMPLETION AS PER CONTRACT	POWIAT HEAD OFFICE
CLAIM FOR PAYMENT – VERIFICATION FORM	VERIFICATION OF CLAIM COMPLETENESS AND FORMAL CORRECTNESS VERIFICATION OF COMPLIANCE OF CLAIM FOR PAYMENT WTH CONTRACT	MARSHAL OFFICE
PROJECT STAGE IMPLEMENTATION CONFIRMATION	SUBMITTING CONFIRMATION OF PROJECT STAGE IMPLEMENTATION TO ARMA REGIONAL BRANCH	MARSHAL OFFICE

PAYMENT ORDER	PAYMENT ORDER PREPARATION	MARSHAL OFFICE
MONEY TRANSFER ORDER	MAKING PAYMENT	ARMA
LEDGER	BOOKING THE PAYMENT	ARMA
IMPLEMENTATION OF THE FINAL STAGE OF PROJECT		
CLAIM FOR PAYMENT TOGETHER WITH FINAL REPORT ON INVESTMENT IMPLEMENTATION	SUBMITTING FINAL REPORT ON INVESTMENT IMPLEMENTATION AND A CLAIM FOR PAYMENT AFTER INVESTMENT COMPLETION	POWIAT HEAD OFFICE
CLAIM FOR PAYMENT WITH FINAL REPORTS ON THE PROJECT IMPLEMENTATION – VERIFICATION FORM	VERIFICATION OF CLAIM FOR PAYMENT COMPLETENESS AND FORMAL CORRECTNESS FINAL REPORT ON THE PROJECT IMPLEMENTATION – EVALUATION AND APPROVAL VERIFICATION OF COMPLIANCE OF THE CLAIM FOR PAYMENT WITH CONTRACT	MARSHAL OFFICE
CONFIRMATION OF PROJECT STAGE IMPLEMENTATION	SUBMITTING THE CONFIRMATION OF PROJECT STAGE IMPLEMENTATION TO THE ARMA REGIONAL BRANCH	MARSHAL OFFICE
PAYMENT ORDER	PAYMENT ORDER PREPARATION	MARSHAL OFFICE
MONEY TRANSFER ORDER	MAKING PAYMENT	ARMA
LEDGER	BOOKING THE PAYMENT	ARMA

Method of granting aid

Financial support will be granted in the form of investment grants based on reimbursement of the costs incurred.

Measure budget for 2004-2006 (in MEUR)

<i>Measure</i>	<i>European Community EAGGF - Guidance Section</i>	<i>State budget</i>	<i>Local - government units</i>	<i>Other public</i>	<i>Private</i>
<i>Land re-parcelling (total)</i>	17,00	4,25	-	-	-

3.2.3. Measure 2.3. 'Rural renewal and the preservation and protection of cultural heritage'

Operational Programme	Sectoral Operational Programme The Restructuring and Modernization of the Food Sector and Rural Development
Priority	Sustainable development of rural areas
Measure	Rural renewal and the preservation and protection of cultural heritage
Sub-measure	None
Structural Fund intervention area	1306
Measure No.	2.3
Measure duration	2004-2006
Managing Authority	Minister of Agriculture and Rural Development
Intermediate Authority	None planned
Implementing Institution	Marshal Office
Final Beneficiary	Agency for Restructuring and Modernization of Agriculture
Beneficiaries (applicants)	local government authorities at the gmina level and cultural institutions for which the founding body is the local government
Ultimate Beneficiaries (persons, institutions or social groups directly benefiting from implemented support)	The inhabitants of localities belonging to rural or rural-urban gminas
Paying Authority	Ministry of Finance - Paying Institution Department
Aid type	Investment grants
Maximum aid amount in % of eligible costs	80%
Total financial support for measure	MEUR 112,5
European Union financial support	MEUR 90,00
Domestic financial support	MEUR 22,5
Share of private funds as percentage of total funds	0%
Share of public funds as percentage of total funds	100%
EU share as percentage of public funds	80%
EU share as percentage of total funds	80%
Domestic share as percentage of public funds	20%
Domestic share as percentage of total funds	20%
Project selection system **	Application for aid is submitted by the gmina and cultural institutions to the Marshal Office.
Composition of working groups dealing with project selection and of Steering Committees	The Regional Steering Committee (Art.23 of National Development Plan Act): representatives of all levels of self-government authorities, government administration, managing institutions and socio-economic partners.

Structural Fund intervention area - 1306

Financing: EAGGF – Guidance Section – up to 80% of total eligible costs; co-financing from the gmina local government budget – a minimum of 20% of eligible costs.

Measure objective

The implementation of this measure is primarily aimed at:

- 1) improving the living and working conditions in rural areas,
- 2) enhancing the tourist attractiveness of rural areas,
- 3) enhancing the attractiveness of rural areas for investors,
- 4) satisfying social and cultural needs,
- 5) developing the identity of rural communities and preserving their cultural heritage.

Measure description

The Measure shall focus on projects concerning:

- 1) investment in modernisation and equipment of cultural, leisure and sports premises,
- 2) renovation of architectural monuments which are characteristic for rural architecture of a given region and their adaptation for public purposes;
- 3) modernisation of rural leisure areas
- 4) public infrastructure contributing to the development of touristic functions of rural areas and region promotion actions

A significant part of this Measure will be stimulating the activity of local communities and co-operation for the development and promotion of local social cultural and landscape values.

Detailed scope of the eligible costs and eligibility rules are provided for in Annex 1 hereto.

Aid amount:

The maximum level of aid amounts up to 80% of eligible costs but not exceeding PLN 450,000.00 per one locality or cultural institution within the program implementation.

In case where a project includes two or more villages, aid amount for this project mustn't exceed the amount of PLN 450,000.00.

Beneficiaries – local government authorities at the gmina level and cultural institutions for which the founding body is the local government.

Eligibility criteria

Projects to be implemented in localities of no more than 5 thousand inhabitants, belonging to rural or rural-urban gminas..

Investment tasks included in the application may be approved if they are consistent with the local development strategy or a regional land development plan.

Projects submitted by culture institutions should be accepted by the local government authorities which were their founding bodies. Moreover, in case of culture institution, it is required to submit a permit of the minister competent for Culture for co-financing the project.

The above requirement does not refer to the projects submitted by the local government of rural and rural – urban gminas on behalf of the culture institution for which the gmina is the founding body.

Projects implemented in areas or facilities belonging to the State Treasury or a local government are also subject to co-financing by this Measure.

If the project involves a facility which is not the property of the beneficiary or if the project is being implemented on the area which does not belong to the latter, it is vital to submit a written consent of the owner for the implementation of the said project and for maintaining the premises according to at least one objective stipulated in the project for a period of at least 5 years from the date of the final payment by ARMA

Measure 2.3. 'Rural renewal and the preservation and protection of cultural heritage' absolutely excludes co-financing of commercial projects.

A project co-financed by the Measure may not be supported from other public funds granted for the implementation of this project. It does not refer to the co-financing of national public funds which are at the disposal of the minister competent for Culture.

Project selection criteria

The selection of projects for implementation is conducted according to the following point scoring criteria:

1) the income from taxes per capita within the gmina where the project is to be implemented (calculated in accordance with the provisions concerning income of local government units) is as follows:

a) not higher than 75% of the national average

2 points

b) higher than 75% of the national average but not higher than 100% of the national average

1 point

c) above the national average

0 points

2) the unemployment rate in the area where project implementation is planned:

a) the gmina is threatened with a particularly high rate of structural unemployment²²

1 point

b) the rate of unemployment in the powiat where project implementation is planned is higher than the voivodeship average²³

1 point

3) tourism attraction of the gmina:

a) a point is awarded when at least one of the following criteria is met:

- nature's attraction criterion

1 point

- these are areas within the gmina of particular natural value, i.e. national including protection zone or landscape parks including protection zone, if at least a part of the park area is situated within the gmina,

- cultural attraction criterion

1 point

- there are at least 3 structures or monuments in the gmina listed in the monument register managed by the Voivodeship Heritage Conservator²⁴,

4) Regional criterion²⁵ -

1 point

²²According to the list of powiats [gminas] threatened with particularly high rate of structural unemployment, which is an annex to the Regulation of the Council of Ministers of 21 December 1999 on determining the powiats [gminas] threatened with particularly high rate of structural unemployment (Polish Journal of Laws No. 110, item 1264 as amended).

²³ During each of the last six months.

²⁴ Structures listed in the monuments register manager by the Voivodeship Heritage Conservator should be recognised as immovable monuments listed in the Act on protection of monuments (Polish Journal of Laws, No 162, item 1568 as amended.).

²⁵ The criterion will be defined by the Regional Steering Committee with voivodship-specific considerations

Projects, which have been awarded at least 3 points may be approved for implementation. The ranking of projects on the list is determined by:

- 1) the number of points awarded,
- 2) for projects with the same number of points – gmina's lower tax revenue per capita,
- 3) for projects with the same number of points and an identical value of gmina tax revenue per capita , project ranking is decided according to the date of registration of a correct application.

Obligations of the beneficiary

The beneficiary cannot change the investment target or transfer the ownership of the said holding to third parties or enter into agreements foreseeing the transfer of ownership of: land, buildings, structures, furnishings – purchased – constructed or modernized respectively using the aid granted on the basis of a co-financing agreement concluded with a voivodeship board prior to the end of a 5- year period counting from the date of final payment made by ARMA.

Moreover the beneficiary is obligated to:

- 1) maintain the entire set of documentation pertaining to the investment implementation for a period of 5 years from the date of receiving the last payment from ARMA within the measure investment,
- 2) enable ARMA or other authorized entities to conduct a document or on-the-spot inspections during the project implementation for a period of 5 years from the date of the last payment,
- 3) file a monitoring questionnaires.

Other obligations of the beneficiary are defined in the contract for project co-financing entered into between the said beneficiary and the voivodeship managing board.

Geographical area – the whole country, localities of up to 5 thousand inhabitants in rural or rural-urban gminas.

Institutional system:

- a) Managing Authority: Minister of Agriculture and Rural Development,
- b) Implementing Institution: local government at the voivodeship level,
- c) Final Beneficiary: Agency for Restructuring and Modernization of Agriculture (ARMA),
- d) beneficiaries: local government authorities at the gmina level and cultural institutions for which the founding body is the local government,
- e) ultimate beneficiaries: the inhabitants of localities with population of no more than 5 thousand inhabitants, belonging to rural or rural-urban gminas,

Description of implementation

Applications for aid shall be submitted to the Marshal Office competent with respect to the project location, according to the procedure described in the relevant provisions.

Appointed organizational units of the Marshal Office subject the application to a formal verification by checking whether it was submitted on time, whether the form was completed correctly and whether all the attachments have been provided..

Application for aid is subject to technical verification. The following elements are checked in particular:

- 1) consistency of the project with the scope of aid foreseen within the measure,
- 2) consistency with the eligibility criteria;
- 3) technical and economic evaluation.

Beneficiary may be asked to complement the application for aid within the period defined by relevant Marshal Office.

If, as a result of verification the aid application was found incomplete or incorrect, the implementing institution shall forward a written call to the beneficiary concerned with a request to complete or complement the application within 14 days from the day of call receipt by the beneficiary.

The date of submitting application shall be the date on which a correct and complete application was submitted to the Marshal Office concerned. Application subject to correction is registered in the order of submitting its last correction to the Marshal Office.

Formally correct projects and meeting the defined requirements of the Measure are subject to an evaluation according to the above described selection criteria and placed according to the number of points acquired and afterwards submitted to the Regional Steering Committee. The RSC may award an additional point to projects for meeting the regional criteria by considering the specific character of the voivodeship. The project ranking list segregated according to the number of acquired points is then recommended by the Voivodeship Managing Board by the RSC.

Acceptance of the project implementation is formalized and becomes effective at the moment of signing a contract for project co-financing between the voivodeship managing board and the applicant in the Marshal Office premises.

The contract for project co-financing defines the obligation to encompass the project within SPO's financing framework under the condition that the beneficiary implements the said project within the specified scope and time period, documents all costs incurred and fulfills all the obligations resulting from the contract for project co-financing.

After signing of the contract for project co-financing the beneficiary selects suppliers of products and services for the project according to the Public Procurement Act. After the tender process is completed the beneficiary is obligated to submit information on the project costs resulting from the tender. If the cost of the project is lower than planned a relevant correction of the amount of aid is made in the contract..

ARMA (Agency for Restructuring and Modernization of Agriculture) receives a copy of the contract for project co-financing as a final beneficiary, i.e. the institution making payment to the beneficiary.

The above mentioned contract for project co-financing may be modified at the request of either Party. Any and all changes require to be made in writing in the form of an Amendment or otherwise shall be null and void.

The beneficiary may commence with the project implementation at the moment of signing the said contract for project co-financing. Any costs incurred prior to the date of the contract shall not be considered as eligible costs. This principle does not apply to the initial planning costs.

Having completed the whole or a stage of the project the beneficiary submits a claim for payment to the Marshal Office competent with respect to project location. . The claim for payment must be submitted together with all the required attachments, especially the proofs of payments.

The Marshal Office evaluates the completeness and proper submission of the claim for payment as well as its conformity with the contract for project co-financing.

Payment is made to the beneficiary by ARMA based on the Marshal Office's authorization. The Agency informs the appropriate Marshal Office about making payment to the beneficiary.

After completing the project implementation along with the final claim for payment, the beneficiary is required to submit a final report on the project implementation containing a summary of the entire project, a list of completed tasks and checking the project's conformity with the terms and conditions of the contract for project co-financing.

Implementation Diagram:

Document	Process	Subject
MEASURE IMPLEMENTATION		
APPLICATION FOR AID WITH ATTACHEMENTS	SUBMITTING APPLICATION TO MARSHAL'S OFFICE	LOCAL GOVERNMENT AUTHORITIES AT THE GMINA LEVEL OR CULTURAL INSTITUTION
APPLICATION FOR AID – VERIFICATION FORM I	VERIFICATION OF COMPLETENESS AND FORMAL CORRECTNESS	MARSHAL OFFICE
APPLICATION FOR AID – VERIFICATION FORM II	PROGRAM CONFORMITY EVALUATION	MARSHAL OFFICE
PROJECT LIST	EVALUATION ACCORDING TO SELECTION CRITERIA	MARSHAL OFFICE
PROJECT LIST	A LIST OF PROJECTS FOR RSC	MARSHAL OFFICE
PROJECT RANKING LIST	MEETING REGIONAL CRITERIA OF THE PROJECTS EVALUATION RECOMMENDATION OF THE RANKING LIST	RSC (REGIONAL STEERING COMMITTEE)
LIST OF PROJECTS TO BE IMPLEMENTED	APPROVAL OF PROJECTS TO BE IMPLEMENTED	VOIVODESHIP MANAGING BOARD
CONTRACTS FOR PROJECT CO-FINANCING	ENTERING INTO THE CONTRACT FOR PROJECT CO-FINANCING	MARSHAL OF VOIVOD

STAGE I OF PROJECT IMPLEMENTATION		
CLAIM FOR PAYMENT	SUBMITTING CLAIM FOR PAYMENT AFTER COMPLETING A STAGE OF THE PROJECT	BENEFICIARY
CLAIM FOR PAYMENT – VERIFICATION FORM	CLAIM FOR PAYMENT – FORMAL VERIFICATION AND SUBSTANTIAL PROJECT EVALUATION	MARSHAL OFFICE
PAYMENT AUTHORIZATION FORM	FORWARDING STAGE OF PROJECT IMPLEMENTATION CONFIRMATION TO ARMA	MARSHAL OFFICE
BANK TRANSFER ORDER	MAKING PAYMENT	ARMA
LEDGER	BOOKING THE PAYMENT	ARMA
FINAL STAGE OF PROJECT IMPLEMENTATION		
CLAIM FOR PAYMENT - FINAL REPORTS ON THE PROJECT IMPLEMENTATION	SUBMITTING CLAIM FOR PAYMENT WITH FINAL REPORTS ON THE PROJECT IMPLEMENTATION	BENEFICIARY
CLAIM FOR PAYMENT – VERIFICATION FORM	CLAIM FOR PAYMENT – FORMAL VERIFICATION AND SUBSTANTIAL PROJECT EVALUATION	MARSHAL OFFICE
PAYMENT AUTHORIZATION FORM	FORWARDING STAGE OF PROJECT IMPLEMENTATION CONFIRMATION TO ARMA	MARSHAL OFFICE
PAYMENT ORDER	PREPARATION OF PAYMENT ORDER	MARSHAL OFFICE
BANK TRANSFER ORDER	MAKING PAYMENT	ARMA
LEDGER	BOOKING THE PAYMENT	ARMA

Method of granting support: Financial support will be granted in a form of investment grants.

Measure budget for 2004-2006 (MEUR)

<i>Measure</i>	<i>European Community EAGGF - Guidance Section</i>	<i>State budget</i>	<i>Local government units</i>	<i>Other public</i>	<i>Private</i>
<i>Rural renewal and the preservation and protection of cultural heritage (total)</i>	90,00	-	22,5	-	-

3.2.4. Measure 2.4. ‘Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes’

Operational Programme	Sectoral Operational Programme Restructuring and Modernization of the Food Sector and Rural Development
Priority	Sustainable development of rural areas
Measure	Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes
Submeasure	None
Structural Fund intervention area	1307
Measure No.	2.4
Measure duration	2004-2006
Managing Authority	Minister of Agriculture and Rural Development
Intermediate Authority	-
Final Beneficiary /Implementing Institution	Agency for Restructuring and Modernization of Agriculture
Beneficiaries (project applicants)	Natural persons – farmers, household members, legal entities, running agricultural business
Ultimate Beneficiaries (persons, institutions or social groups directly benefiting from the implemented support)	Natural persons – farmers, household members, legal entities, running agricultural business
Paying Authority	Ministry of Finance - Paying Institution Department
Aid type	Investment grants
Maximum aid amount in % of eligible costs	50%
Total financial support for measure	MEUR 107,14
European Union financial support	MEUR 75
Domestic financial support	MEUR 32,14
Share of private funds as percentage of total funds	50%
Share of public funds as percentage of total funds	50%
EU share as percentage of public funds	70%
EU share as percentage of total funds	35%
Domestic share as percentage of public funds	30%
Domestic share as percentage of total funds	15%
Project selection system	According to application submission order, projects are selected by the Regional Offices of Agency for Restructuring and Modernization of Agriculture competent for the area of project implementation
Composition of working groups dealing with project selection and of Steering Committees	Do not participate in project selection

Structural Fund intervention area - 1307

Financing: the contribution of the EAGGF – Guidance Section – up to 35% of the total eligible cost; co-financing from the state budget. The maximum level of aid granted to the beneficiary is 50% of eligible costs.

Measure objectives

Undertaking or development of additional activities on the basis of the existing agricultural holding and region resources and taking into account the market requirements will provide conditions for the development of multifunctional and economically viable holdings.

Moreover, this Measure will:

- 1) contribute to the creation of alternative income sources,
- 2) promote a favourable public image of rural areas and agriculture,
- 3) contribute to the preservation of natural resources in rural areas
- 4) facilitate access to the services for farmers and other residents of rural areas,
- 5) contribute to an increase in profitability of production and services in agricultural holding,

Measure description

Support shall be granted to the projects associated with the implementation of the investments which help farmers, rural household members and legal entities engaged in agricultural activity undertake or develop additional activities close to agriculture. For the purposes of this Measure agricultural holding means a holding as defined in the Civil Code, the agriculturally utilised area of which is at least 1 ha.

Scope of aid

Support shall be granted to the projects associated with undertaking or development of additional activities such as:

- 1) rural tourism²⁶,
- 2) services related to tourism and leisure,
- 3) services provided on behalf of agriculture and forestry,
- 4) small scale processing of agricultural and food forestry products,
- 5) the direct sale of products the majority of which originate from the farmer's own farm,
- 6) production of fuel from biomass (agricultural waste management such as hay, meadow and wood waste etc.) as well as setting up perennial plant plantations designated for a fuel source,
- 7) handicrafts and craftsmanship,
- 8) small services for the rural population,
- 9) e-commerce – sale or promotion of agricultural products, covered by the Annex I to the Treaty, goods and services, relevant to the scope of this Measure, via Internet,

Support will cover projects concerning rural tourism, production of energy from biomass and setting up perennial plantations for energy production, direct sale by a farmer of produce manufactured on his own farm and other additional categories of business.

A detailed specification of additional activities supported under this Measure, prepared on the basis of the Polish Classification of Activities is provided in the Annex 7 to the SOP Complement.

²⁶ Rural tourism is a situation when in the residential section of an active farm holding there are no more than 5 rooms designated to be rented out (without common use rooms such as e.g. living room, bathrooms, kitchens are excluded).

Detailed scope of the eligible costs and eligibility rules are enclosed in Annex 1 hereto.

Level of aid:

The maximum level of financial aid may amount to 50% of the eligible costs. The maximum total amount granted to one beneficiary and one farm holding under this measure during the implementation of this programme cannot exceed PLN 100,000.00.

This means that:

- 1) one (1) beneficiary may not receive more than PLN 100,000.00 of aid during the SOP implementation,
- 2) owners, co-owners and members of farm household applying for co-financing of the projects implemented in one holding may receive the total aid not exceeding PLN 100,000.00 during the SOP implementation,

The aid is granted with accordance with the provisions of Commission Regulation (EC) No 69/2001. The President of the Office for Competition and Consumer Protection (OCCP) is responsible for monitoring of state aid which encompasses: collecting, processing and transferring information about granted aid (types, forms, and amounts). Implementing Institution will be submitting the information about granted aid to the President of OCCP.

Beneficiaries

Natural persons, citizens of the European Union Member States: farmers and farm household members.

Farmer means a natural person who meets the following conditions:

- 1) runs his/her own agricultural holding (as the owner or tenant) located on the territory of Poland,
- 2) pays agricultural tax,

Aid can be granted to the farmer who receives a disability benefit in connection with total and permanent disability to work or farmer's pension in connection with disability to work, or a retirement pension.

Household member means a farmer's relative who meets the following conditions:

- 1) is at least 18 years old,
- 2) lives in the same household as the farmer or lives on the agricultural holding area, located on the territory of Poland, or in a close vicinity thereof,
- 3) is permanently employed in this agricultural holding and is not bound by any employment relationship with the farmer,

Aid can be granted to the household member who has full coverage insurance on the basis of The Law on Social Insurance of Farmers against accidents, sickness, maternity insurance and pension and retirement insurance.

Legal entities – entities registered in the Entrepreneur's Register of the National Court Registrar, whose objective, in accordance with the entry in the above Register is to run agricultural business and who run this type of business on an agricultural holding being the property of the said entities and is located within the Polish Republic.

Eligibility criteria

Aid under this Measure may be granted if the following conditions are met:

- 1) evaluation of the application for aid of a project resulted in scoring at least 2 points for the project on the basis of the following criteria:

1. Unemployment rate in the area where the applicant's agricultural holding is located (max. 2 points):	
the gmina is threatened with a particularly high rate of structural unemployment ²⁸	1 point
the rate of unemployment in the powiat where the applicant's agricultural holding is located exceeds the voivodeship average ²⁹	1 point
2. The revenue of gmina per capita where the applicant's agricultural holding is located (calculated in accordance with the provisions on the revenue of local government units) :	
a) does not exceed 75% of the national average	2 points
b) exceeds 75% of the national average but less than 100% of the national average	1 point
c) exceeds 100% of the national average	0 points
3. The area of farmland in the applicant's agricultural holding does not exceed 15 equivalent hectares per 1 person working in this holding.	1 point
4. The holding meets the criteria of economic size adopted in the Rural Development Plan for semi-subsistent agricultural holdings³⁰.	1 point

- 2) the financial aid is granted and allocated provided that the beneficiary is not in arrears with tax and social security insurance payments,
- 3) aid cannot be granted and allocated to an entity which is indebted towards ARMA due to a breach of conditions of the previously granted aid.
- 4) a project co-financed under this measure must not be co-financed from other public aid,
- 5) aid can be granted provided that the project is economically justified, subject to verification during the evaluation of the application for project aid,
- 6) the support shall be granted for the projects implemented in rural or urban-rural gmina localities with the population of up to 5 thousand,
- 7) the applicant submits copies of decisions, permits or opinions of public administration bodies, if separate regulations (in particular hygiene, food safety, environment protection and animal welfare standards) provide for the need to obtain those documents for the project implementation.
- 8) in the case of undertaking activities in the scope of :

²⁸ According to the list of powiats [gminas] threatened with particularly high rate of structural unemployment, which is an annex to the Regulation of the Council of Ministers of 21 December 1999 on determining the powiats [gminas] threatened with particularly high rate of structural unemployment (Polish Journal of Laws No. 110 of 30 December 1999, item 1264 as amended).

²⁹ During each of the last six months.

³⁰ The table determining the economic size of agricultural holdings on the basis of Standard Gross Margines is enclosed in the Annex No3 to the SOP Complement.

- a) rural tourism services or tourism and leisure services, including the establishment of accommodation base for rural tourism – submission the opinion on the compliance of the project with the standardization requirements issued by the institution allocating a category to the accommodation establishments
- b) hospitality services rendered solely in hotels or hotel-like premises – submission a promise to classify the establishment according to the type and category, pursuant to the Article 39a of the Act of 29 August 1997 on the services for tourists (Journal of Laws No. 133, item 884),

9) If the project concerns the existing facility, the applicant must:

- a) in respect of rural tourism or the services related to tourism and leisure undertakings (including the establishment of an accommodation base intended for rural tourism) - submission a copy of the document specifying its category issued by the institution dealing with the categorization of the accommodation facilities,
- b) in respect of hospitality services rendered solely in hotels or hotel-like facilities including the establishment of accommodation base intended for rural tourism- submission an opinion by the institution dealing with the categorization of the accommodation facilities, certifying that the project is compatible with standardization requirements.
- c) in respect of hospitality services rendered solely in hotels or hotel-like facilities – submit a copy of the decision determining the category of a hotel facility, granted pursuant to Art. 38 (1) and (2) of the Act of 29 August , 1997 on tourist services.

Aid within this Measure may be granted if the following conditions are fulfilled:

- 1) the beneficiary is not in arrears with paying taxes or health and social insurance premiums,
- 2) the beneficiary is not in debt towards ARMA due to the breach of the terms and conditions of granting previous aid,
- 3) the project funded in the frames of this Measure must not be implemented with the use of other public funds granted due to the implementation of this project;
- 4) the applicant submits copies of decisions, permits or opinions of public administration bodies if the separate regulations (in particular those concerning sanitary, veterinary, hood health, environment protection and animal welfare standards) provide for the obligation of obtaining such documents.

Aid applications shall be accompanied by the following documents:

- 1) excerpt from the register, referred to in Art. 38 (3) of the Law of 29 August, 1997 on tourist services, confirming the registering of the facility subject to the project, together with a copy of a document determining its category granted by a categorization unit – in the case of projects concerning rural tourism or tourism and leisure services, including the creation of rural accommodation base;
- 2) a copy of the decision determining the category of the facility concerned, granted pursuant to Art. 38 (1) and (2) of the Act of 29 August, 1997 on tourist services – in the case of projects concerning hospitality services rendered solely in hotels and hotel-like facilities.

Obligations of the beneficiary

The beneficiary must not change the project target and transfer the ownership of the holding to third parties or to conclude agreements for the transfer of ownership (except liabilities in accordance with the scope of his business and which do not contradict with the project aim and target, if the subject of the project involves rendering services to third parties). of: buildings, structures, transport means, machinery and facilities, equipment, tools or livestock, purchased, constructed or modernized, respectively, using the received aid granted under the contract concluded with ARMA, earlier than after a lapse of 5 years from the date of the last payment under the project.

The beneficiary is obliged to:

- 1) keep the entire set of documentation pertaining to the project implementation for 5 years from the date of last payment made by ARMA in this respect,
- 2) allow ARMA or other authorized entities to carry out document controls or on-the spot inspections,
- 3) file a monitoring questionnaire,
- 4) maintain (or improve) the standard of, or maintain the rural accommodation facilities, which have been established under the rural tourism or tourism and leisure services project, including hotel facilities, in the records of the institution dealing with the categorization of the accommodation facilities for 5 years from the date of last payment, pursuant to Art. 38 of the Act of 29 August, 1997 on tourist services..

Other obligations of the beneficiary are laid down in the contract for co-financing the project.

Geographical range – the whole country, localities with population up to 5 thousand in rural or urban-rural gminas.

Institutional system:

- 1) Managing Authority: Minister of Agriculture and Rural Development,
- 2) Implementing Institution: Agency for Restructuring and Modernization of Agriculture (ARMA),
- 3) Final Beneficiary: Agency for Restructuring and Modernization of Agriculture (ARMA);
- 4) beneficiary:
 - a) natural persons – farmers, household members,
 - b) legal entities, running agricultural business,
- 5) ultimate beneficiaries:
 - a) farmers, household members,
 - b) legal entities, running agricultural business,

Description of implementation system

Applications for aid shall be submitted to ARMA RO competent with respect to project location, according to the procedure described in the relevant provisions.

ARMA Regional Offices conduct formal verification of the application for aid , by checking whether the form was correctly completed and whether all the relevant attachments have been provided.

If it is found that the submitted documentation is incomplete, ARMA RO sends an appropriate call to the beneficiary to correct and complement the documentation within 14 days of receiving the call.

The date of application submission is the date on which ARMA Regional Office received a properly filled in application with all required attachments, which means that an application which had to be supplemented will be registered in the ARMA Regional Office on the date on which the last missing document was submitted.

- Application for aid shall be verified in terms of consistency with the Measure objectives and principles through checking the following:1) consistency of the project with the scope of aid envisaged under this Measure2) compliance with all eligibility criteria, including the project economic effectiveness,3) correctness of the calculations and aid applied for,

ARMA also verifies whether the scope of project and the costs planned to implement the project have been adequately justified.

Projects which meet all requirements laid down for this Measure are approved for implementation within the available funds according to submission (registration) order of applications.

The project is formally approved for implementation on the day of concluding a contract for project co-financing between ARMA and the applicant. The contract is forwarded to the applicant and it is signed in the ARMA Regional Office.

The contract stipulates ARMA commitment towards the beneficiary to co-finance the planned project provided that the beneficiary implements the said project within the defined scope and time period, provides evidence of all incurred costs and fulfills all the contractual obligations.

The contract concluded with ARMA may be amended at the request of either Party. Any change in the contract terms must be made in writing in the form of an Amendment or otherwise shall be null and void.

The beneficiary may commence the project implementation as soon as the contract for the project co-financing is signed. Any costs incurred prior to the date of contract for the project co-financing shall not be considered as eligible. This principle does not apply to certain general costs which may be incurred prior to contract signing but not before January 1, 2004.

Claim for payment is filed with the ARMA Regional Office. Payments are made after the beneficiary submits the claim for payment complete with all required enclosures (including the incurred cost evidence) and the Agency checks the consistency of project implementation with the contract.

Payment to the beneficiary is made in one amount after the project implementation is completed or (if the contract stipulates so) in two amounts. In the latter case, the beneficiary submits two claims for payment – one after completion of phase I of implementation and the

next after the whole project implementation is completed. Payment after the whole project is completed may be made after the beneficiary submits the final report on the project implementation.

Detailed rules of handling applications for aid and claims for payment are laid down in the ARMA procedures approved by the Minister of Agriculture and Rural Development.

Implementation Diagram

Document	Process	Subject
APPLICATION FOR AID	SUBMITTING APPLICATION TO ARMA REGIONAL OFFICE	BENEFICIARY
APPLICATION – VERIFICATION FORM	VERIFICATION OF APPLICATION COMPLETENESS AND FORMAL CORRECTNESS SUBSTANTIAL PROJECT EVALUATION	ARMA
CONTRACT FOR PROJECT CO-FINANCING	CONCLUSION OF CONTRACT WITH BENEFICIARY	ARMA
IMPLEMENTATION OF PROJECT STAGE I		
CLAIM FOR PAYMENT	SUBMITTING CLAIM FOR PAYMENT TO ARMA REGIONAL OFFICE	BENEFICIARY
CLAIM FOR PAYMENT – VERIFICATION FORM	VERIFICATION OF CLAIM COMPLETENESS AND FORMAL CORRECTNESS VERIFICATION OF CLAIM FOR PAYMENT CONSISTENCY WITH CONTRACT CHECKING OF COST ELIGIBILITY CALCULATION ACCURACY VERIFICATION	ARMA
PAYMENT ORDER	PAYMENT ORDER PREPARATION	ARMA
BANK TRANSFER ORDER	MAKING PAYMENT	ARMA
LEDGER	BOOKING THE PAYMENT	ARMA
PROJECT STAGE IMPLEMENTATION - (*)		
CLAIM FOR PAYMENT FINAL REPORT ON THE PROJECT IMPLEMENTATION	CLAIM FOR PAYMENT SUBMITTED WITH FINAL REPORT ON THE PROJECT IMPLEMENTATION TO ARMA REGIONAL OFFICE	BENEFICIARY
CLAIM FOR PAYMENT FINAL REPORT ON THE PROJECT IMPLEMENTATION - VERIFICATION FORM	VERIFICATION OF CLAIM COMPLETENESS AND FORMAL CORRECTNESS VERIFICATION OF CLAIM FOR PAYMENT AND FINAL REPORT ON THE PROJECT IMPLEMENTATION FOR CONSISTENCY WITH CONTRACT CHECKING COST ELIGIBILITY CALCULATION ACCURACY VERIFICATION	ARMA
PAYMENT ORDER	PAYMENT ORDER PREPARATION	ARMA
BANK TRANSFER ORDER	MAKING PAYMENT	ARMA
LEDGER	BOOKING THE PAYMENT	ARMA

(*) When project is completed in a single stage, the procedure is the same as for stage II.

Method of granting aid

Financial support will be granted in the form of investment grants based on reimbursement of the incurred costs.

Measure budget for 2004-2006 (MEUR)

<i>Measure</i>	<i>European Community EAGGF - Guidance Section</i>	<i>State budget</i>	<i>Local government units</i>	<i>Other public funds</i>	<i>Private</i>
<i>Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes. (total)</i>	75,00	32,14	-	-	107,14

3.2.5. Measure 2.5. 'Agricultural water resources management'

Operational Programme	Sectoral Operational Programme Restructuring and Modernization of the Food Sector and Rural Development
Priority	Sustainable development of rural areas
Measure	Agricultural water resources management
Sub-measure	None
Structural Fund intervention area	1308
Measure No	1.6
Measure duration	2004 - 2006
Managing Authority	Minister of Agriculture and Rural Development
Intermediate Authority	-
Implementing Institution	Marshal Offices
Final Beneficiary	Agency for Restructuring and Modernization of Agriculture
Beneficiaries (project applicants)	Voivodship Authority for Land Improvement and Water Facilities (WZM&UW)
Ultimate Beneficiaries (persons, institutions or social groups directly benefiting from the implemented support)	Farmers and rural inhabitants
Paying Institution	Ministry of Finance - Paying Institution Department
Aid type	Investment grants
Maximum aid amount in % of eligible costs	100%
Total financial support for measure	MEUR 132
European Union financial support	MEUR 100
Domestic financial support	MEUR 32
Share of private funds as percentage of total funds (%)	Total – 5,7% 20% - specific land improvement 0% - basic land improvement
Share of public funds as percentage of total funds (%)	Total 94,3% 80% - specific land improvement 100% - basic land improvement
EU share as percentage of public funds (%)	Total – 75,8% 62,5% - specific land improvement 80% - basic land improvement
EU share as percentage of total funds (%)	Total – 71,4% 50% - specific land improvement 80% - basic land improvement
Domestic share as percentage of public funds (%)	Total – 24,2% 37,5% - specific land improvement 20% - basic land improvement
Domestic share as percentage of total funds (%)	Total – 22,9% 30% - specific land improvement 20% - basic land improvement
Project selection system	Applications which meet the requirements for programme participation are submitted in the form of ranking lists to the Regional Steering Committee which approves them and recommends to the Voivodship Board. The Voivodship Board selects projects for implementation
Composition of working groups dealing with project selection and of Steering Committees	The Regional Steering Committee (Art. 23 of the NDP Act) is composed of the following: representatives of managing institutions, government administration in the voivodship, self-governments authorities of all levels, socio-economic partners

Structural Fund intervention area - 1308

Financing: In the event of land improvement projects – the Measure will be financed by the EAGGF – Guidance Section and from the state budgets according to the following proportions: 80% will be EAGGF – Guidance Section funds and 20% – state budget funds. (pursuant to Commission Regulation (EC) No 1260/1999 art. 29 part 3(a)).

In the case of specific land improvement projects of infrastructural nature and generating income, the EAGGF – Guidance Section share amounts to up to 50% of total eligible costs (Commission Regulation (EC) No 1260/1999 art. 29 part 4(i)). The remaining 50% of eligible costs during the implementation of the project will be co-financed from the state budget, after this part of the costs accounting for 20% of project eligible costs will be paid by land owners (pursuant to Art. 9 (2) (3) of Water Management Act of 18 July, 2001 – Journal of Laws No. 115, item 1229, as amended, in annual installments after the completion of project implementation. The provisions of the Act are applied to owners and perpetual users, respectively. The amount of payments contributed by the farmers will be fixed proportionally to the cost incurred for improving lands belong to the given land owner (PLN/ha).

Measure objectives

Projects with regard to specific land improvement directly improve the efficiency of the utilisation of production means (e.g. fertilisers) and the stability and quality of crops; the effectiveness and efficiency of agro-technical procedures and the protection of agricultural lands against floods are also enhanced.

The implementation of specific land improvement projects is conditioned upon the implementation of basic land improvement projects and natural water course improvement, runoff adjustments, which ensure water runoff from specific installations, the storage and supply of water for land improvement installations, and the protection of agricultural lands against floods.

Measure description

This measure shall support specific and basic land improvement projects as well as projects concerning the modeling of the longitudinal and transverse cross-sections and the horizontal layout of natural watercourses expanding beyond water management tasks, provided they contribute to the improvement of water conditions in the soil, facilitate agricultural practices and protect arable land against floods.

Scope of aid

- 1) Construction or modernization of specific land improvement installations:
 - a) ditches together with functionally related structures,
 - b) pipelines with a diameter of less than 0,6 m,
 - c) drainages,
 - d) dikes on irrigated areas,
 - e) gravity irrigation systems,
 - f) phytomelioration and agri – melioration,
 - g) anti-erosion systems,
 - h) initial development of reclaimed permanent grasslands and pastures.

2) the construction or modernization of basic land improvement installations and modeling the longitudinal and transverse cross-section and the horizontal layout of natural watercourse bed, outside regular water management tasks, including:

- a) damming structures, sluices and water intakes,
- b) drops and water reservoirs,
- c) canals together with functionally related structures,
- d) pipelines with a diameter of at least 0,6 m,
- e) flood control structures together with access roads to these structures,
- f) water regulation structures,
- g) pumping stations, exclusive of stations utilized for pressure irrigation,
- h) water erosion control structures,
- i) access roads necessary for the proper utilisation of reclaimed areas.

Projects will be carried out in accordance with Polish Law, in particular:

- 1) **The Water Management Act of 18 July, 2001**, on the basis of water permits, which include water management plans, flood prevention plans, drought impact prevention plans and conditions on the use of water,
- 2) **The Construction Law** of 7 July, 1994 (Journal of Laws of 2003, No. 207, item 2016), which requires developers to obtain permits for the construction or modernization of land improvement installations or to report such projects,
- 3) **The Environment Protection Act of 27 April, 2001 (Journal of Laws No. 62, item 627 as amended)** , which obliges the developer to clear the project in terms of its environmental impact.

In the case of projects comprising the construction of specific water management facilities, economic effectiveness will be taken into account during the selection process (period of return of inputs).

Projects concerning the construction or modernization of basic water management facilities and modeling natural watercourse shall take floods protection into account.

Detailed scope of the eligible costs and eligibility rules are enclosed in Annex 1 hereto.

Level of aid:

In the case of specific water management facilities, the level of aid is 80% of the total eligible cost. In the case of basic water management facilities, aid shall cover the entire eligible costs of the project.

Beneficiaries

Voivodship Authority for Land Improvement and Water Facilities.

Eligibility criteria

The range of the investment – the project must cover areas with improper water conditions or those threatened by floods.

Under the Polish law, projects pertaining to the construction of specific water management facilities will be implemented upon request from the land owners to conduct the project works.

The beneficiary cannot benefit from non-returnable or preferential financial aid (foreign or national) covering the costs of the project co-financed from EAGGF-Guidance Section

The specific land improvement installations construction or modernization project may be implemented provided that:

- 1) application for the construction of specific land improvement devices is submitted in accordance with Art. 74b (2) of the Water Management Act of 18 July, 2001,
- 2) a water permit has been granted,
- 3) construction permit has been granted or the construction has been registered, as the need may be,
- 4) an environmental impact assessment has been conducted, if required,
- 5) the implementation of the project has been consulted with the relevant voivodships and in the case of frontier waters, with the relevant countries,
- 6) the technical design of the project has been consulted and agreed upon with the nature conservation officer (if required),
- 7) source of financing has been established together with financing plan ,
- 8) the cost of project according to the investor's cost estimate must be at least PLN 120,000.00.

The construction or modernization of basic land improvement installations as well as the modeling of the longitudinal and transverse cross-sections and the horizontal layout of natural watercourses surpassing the activities of water management tasks may be implemented if:

- 1) a water law permit has been granted,
- 2) a construction permit has been granted for the project,
- 3) an environmental impact assessment (if required) has been conducted,
- 4) implementation of the project has been consulted with the relevant voivodships, regional water management authorities and, in the case of frontier waters, with the relevant countries,
- 5) technical design has been agreed with Nature Preservation Officer, if required,
- 6) a plan and source of financing have been established,
- 7) cost of project according to the investor's cost estimate must be at least PLN 120,000.00.,

Obligations of the beneficiary

The beneficiary cannot designate the granted financial support for a project not indicated in the specific and basic land improvement projects as well as the modeling of the longitudinal and transverse cross-sections and the horizontal layout of natural watercourse.

Moreover the beneficiary is obliged to:

- 1) keep the entire set of original documentation pertaining to the project implementation for 5 years from the date of last payment made by ARMA in this respect,
- 2) allows the competent Marshal Office, ARMA or other authorized entities to carry out document controls or on-the spot inspections,

3) file a monitoring questionnaire.

Other obligations of the beneficiary are defined in the decision of the Voivodship Board (Implementing Institution) regarding the project implementation.

Geographical range –the whole country

Institutional system:

- 1) Managing Authority: Minister of Agriculture and Rural Development,
- 2) Implementing Institution: Marshal Offices,
- 3) Final Beneficiary: Agency for Restructuring and Modernization of Agriculture (ARMA),
- 4) beneficiary: Voivodship Authorities for Land Improvement and Water Facilities,
- 5) ultimate beneficiaries: farmers and rural inhabitants,

Description of implementation system

Applications for aid shall be submitted to Marshal Office competent with respect to project location, according to the procedure described in the relevant provisions.

Appointed organizational units of the Marshal Office perform a formal verification of the application by checking whether the submission deadline has been met, the form was completed correctly and the adequate number of attachments have been provided.

Application for aid shall be verified in terms of consistency with the Measure objectives and principles through checking the following:

- 1) consistency of the project with the scope of aid envisaged under the measure,
- 2) consistency with the eligibility criteria.

Beneficiary may be asked for supplementing the application for aid within the period defined by relevant Marshall` Offices.

The decision of the Voivodship Board about the selection of individual projects for the **Agricultural water resources management** is preceded by the following three project ranking lists and submitting the lists for approval by the Regional Steering Committee. Applications relating to adjustment of water courses and the modernization of basic and specific water management equipment projects are placed on the list in order of their submission, while applications pertaining to projects of constructing specific water management facilities are rated based on their economic analysis results.

Due to the fact that various criteria were adopted in drawing up the project lists and due to different EAGGF contributions, the competent voivodship marshal responsible for planning and programming water land improvement projects allocates the resources available for this measure as follows:

- 1) construction and modernization of basic water land improvement and the construction or modernization of basic land improvement installations and modeling the longitudinal and transverse cross-section and the horizontal layout of natural watercourse bed, outside regular water management tasks,
- 2) modernization of specific water land improvement equipment,
- 3) construction of new specific water land improvement equipment,

Closing of the ranking lists of the projects takes place at the moment of complete depletion of funds available for financing the above projects. The project becomes eligible for implementation following the Voivodship Board's decision on selection for implementation. The project implementation may commence upon receipt by (WZM&UW) the decision about its implementation from the Voivodship Board. In the decision the Voivodship Board defines the obligations of the WZM&UM, including the obligation to complete the works within a defined time period and scope and to document all costs incurred. Any costs incurred prior to the date of the Voivodship Board's decision on project implementation shall not be qualified as eligible costs. This rule does not pertain to certain general costs – they may be incurred prior to the decision but not before January 1, 2004, or in the case of costs liable to the public procurement law, not earlier than 2 March, 2004.

After the issuance of the decision the beneficiary selects the suppliers of commodities and services for the project in compliance with the public procurement law. The beneficiary is obliged to submit information on the project costs resulting from the tender procedure. Where the cost of the project is lower than planned an appropriate correction of the amount of support is made in the contract.

A copy of the decision is delivered to Agency for Restructuring and Modernization of Agriculture, acting as Final Beneficiary.

The beneficiary submits a claim for payment with the competent Marshal Office following the completion of project, or project stage, implementation, along with all the required attachments, particularly documents confirming the outlays. The Marshal Office checks the completeness and correctness of the submitted claim for payment and the project implementation conformity with the decision. Payment in favour of the beneficiary is made by ARMA based on authorization by the Marshal Office. ARMA informs the competent Marshal Office about the payment made.

Upon completion of project implementation, the beneficiary shall submit, along with the last claim for payment, a final report on the project implementation, including a summary of the whole project, list of tasks completed and confirmation of project consistency with provisions of the decision.

Implementation Diagram

Document	Process	Subject
APPLICATION FOR AID	SUBMITTING APPLICATION TO MARSHAL OFFICE	VOIVODSHIP AUTHORITY FOR LAND IMPROVEMENT AND WATER FACILITIES
APPLICATION – VERIFICATION FORM	VERIFICATION OF COMPLETENESS AND FORMAL CORRECTNESS PROGRAMME CONFORMANCE EVALUATION	MARSHAL OFFICE
PROJECT LIST	A LIST OF PROJECTS MEETING PROGRAMME PARTICIPATION REQUIREMENTS	MARSHAL OFFICE

PROJECT RANKING LIST	PREPARATION OF DRAFT RANKING LISTS WITH OPINIONS, DELIVERY OF RANKING LISTS TO RSC	MARSHAL OFFICE
PROJECT RANKING LIST	APPROVAL OF PROJECT RANKING LIST	RSC
LIST OF PROJECTS TO BE IMPLEMENTED	DECISION ON PROJECT SELECTION FOR IMPLEMENTATION	VOIVODSHIP BOARD
DECISION	FORWARDING THE DECISION REGARDING PROJECT IMPLEMENTATION TO WZM&UW	VOIVODSHIP BOARD
PROJECT STAGE IMPLEMENTATION		
CLAIM FOR PAYMENT	SUBMITTING CLAIM FOR PAYMENT AFTER PROJECT STAGE COMPLETION	WZM&UW
CLAIM FOR PAYMENT – VERIFICATION FORM	VERIFICATION OF CLAIM FOR PAYMENT COMPLETENESS AND FORMAL CORRECTNESS CONFORMANCE OF CLAIM FOR PAYMENT WITH DECISION	MARSHAL OFFICE
CONFIRMATION OF PROJECT STAGE IMPLEMENTATION	SUBMITTING CONFIRMATION OF PROJECT STAGE IMPLEMENTATION TO ARMA REGIONAL OFFICE	MARSHAL OFFICE
PAYMENT ORDER	PAYMENT ORDER PREPARATION	MARSHAL OFFICE
BANK TRANSFER ORDER	MAKING PAYMENT	ARMA
LEDGER	BOOKING THE PAYMENT	ARMA
PROJECT FINAL STAGE IMPLEMENTATION		
CLAIM FOR PAYMENT WITH FINAL REPORT ON THE PROJECT IMPLEMENTATION	SUBMITTING FINAL REPORT ON THE PROJECT IMPLEMENTATION AND A CLAIM FOR PAYMENT	WZM&UW
CLAIM FOR PAYMENT WITH FINAL REPORTS ON THE PROJECT IMPLEMENTATION – VERIFICATION FORM	VERIFICATION OF CLAIM FOR PAYMENT COMPLETENESS AND FORMAL CORRECTNESS EVALUATION AND APPROVAL OF FINAL PROJECT REPORT VERIFICATION OF CONSISTENCY OF THE CLAIM FOR PAYMENT WITH DECISION	MARSHAL OFFICE
PAYMENT ORDER	PAYMENT ORDER PREPARATION	MARSHAL OFFICE
BANK TRANSFER ORDER	MAKING PAYMENT	ARMA
LEDGER	BOOKING THE PAYMENT	ARMA

Method of granting aid

Financial support will be granted in the form of investment grants based on reimbursement of the incurred costs.

Measure budget for 2004-2006 (MEUR)

<i>Measure</i>	<i>European Community EAGGF - Guidance Section</i>	<i>State budget</i>	<i>Local government units</i>	<i>Other public</i>	<i>Private³⁴</i>
<i>Agricultural water resources management (total)</i>	100.00	32.00	-	-	8,00
<i>Specific water land improvement</i>	20,00	12,00			8,00
<i>Basic water land improvement</i>	80,00	20,00			

³⁴ The above resources will be paid to the state budget by farmers after project implementation completion in a form of investment payments in fifteen (15) equal annual installments. During the project implementation the defined funds shall be provided by the state budget

3.2.6. Measure 2.6. 'Development and improvement of the infrastructure related to agriculture'

Operational Programme	Sectoral Operational Programme Restructuring and Modernization of the Food Sector and Rural Development
Priority	Sustainable development of rural areas
Measure	Development and improvement of the infrastructure related to agriculture
Sub-measure	None
Structural Fund intervention area	1309
Measure No	2.6.
Measure duration	2004 - 2006
Managing Authority	Minister of Agriculture and Rural Development
Intermediate Authority	-
Implementing Institution	Agency for Restructuring and Modernization of Agriculture
Final Beneficiary	Agency for Restructuring and Modernization of Agriculture
Beneficiaries (project applicants)	Natural or legal entities engaged in farming activity
Ultimate Beneficiaries (persons, institutions or social groups directly benefiting from implemented support)	Natural or legal entities engaged in farming activity
Paying Authority	Ministry of Finance - Paying Institution Department
Aid type	Investment grants
Maximum aid amount in % of eligible costs	50%
Total financial support for measure	MEUR 40,71
European Union financial support	MEUR 28,50
Domestic financial support	MEUR 12,21
Share of private funds as percentage of total funds	50%
Share of public funds as percentage of total funds	50%
EU share as percentage of public funds	70%
EU share as percentage of total funds	35%
Domestic share as percentage of public funds	30%
Domestic share as percentage of total funds	15%
Project selection system	According to application submission order, projects are selected by the Regional Offices of Agency for Restructuring and Modernization of Agriculture competent for the area of project location
Composition of working groups dealing with project selection and of Steering Committees	Do not participate in project selection

Structural Fund intervention area - 1309

Financing: the contribution of the EAGGF – Guidance Section – up to 35% of the total eligible costs; co-financing from the state budget. The maximum level of aid granted to the beneficiary is 50% of the project eligible costs.

Measure objectives

The aid available under this measure will contribute to:

- 1) enabling or improving the access of farmers to technical infrastructure,
- 2) improvement of the condition of natural environment and its protection,

- 3) improvement of the sanitary and hygiene conditions in rural areas,
- 4) an increase in agricultural income,
- 5) improvement of agricultural production organization.

Measure description

Projects implemented under this Measure will be supplementary in respect of the large-scale investments co-financed by the European Regional Development Fund (ERDF). Investments implemented under this Measure will not cover infrastructure projects resulting in an increase in the volume of production in the agricultural holdings.

For the purposes of this Measure an agricultural holding means a holding as defined in the Civil Code, the agriculturally utilised area of which is at least 1 ha or special areas of agricultural production as defined in the Act of 26 July, 1991 on income tax on natural persons and the Act of 15 February, 1992 on income tax on legal entities.

Scope of aid

The following types of projects will be supported under this Measure.

1) the construction or renovation combined with modernization of internal roads, including:

- a) internal roads, that are not classified in any public road category,
- b) car handling yards, access roads, etc. within the area of agricultural activities carried out by the Beneficiary,

The following is excluded from financing:

- maintenance of internal roads, car handling yards and access roads,
- internal roads within the areas of land improved under **Agricultural water resources management** measure,
- the purchase of construction and renovation machines and tools,

2. The construction or renovation combined with modernization of water supply facilities, including:

- a) water intakes,
- b) water treatment and storage facilities,
- c) water supply networks and house connections,
- d) facilities for regulation of water pressure.

The following is excluded from financing

- projects intended to supply water to the pastures and for crops irrigation, which may supported under Measure 1.1. '**Investment in agricultural holdings**',
- water supply facilities owned by the gminas, waterworks, water companies,
- the purchase of construction machines and tools,
- operation and maintenance of water supply facilities,

3) construction or renovation combined with modernization of sewage disposal and treatment facilities including:

- a) facilities designed for disposal, transport and treatment of waste water from households or farm holdings,

The following is excluded from financing

- environmental protection projects included in Measure 1.1. '**Investment in agricultural holdings**', including those concerning animal waste storage facilities and included in Measure 1.5. '**Improving processing and marketing of agricultural products**',
- waste water facilities owned by gminas, waterworks, water companies,
- industrial waste water treatment facilities,
- operation and maintenance of waste water facilities,
- purchase of construction machines and tools,
- construction of roads associated with the construction of waste water treatment plants,

4) construction or renovation combined with modernization of power supply networks and facilities, including:

- a) service lines to the existing power, gas and heat supply networks,
- b) power supply installations,
- c) individual power supply facilities, including power cogeneration and renewable energy sources,

The following is excluded from financing

- power supply projects included under Measure 1.1. '**Investment in Agricultural Holdings**',
- purchase of construction machines and tools,
- operation and maintenance of power supply network and facilities,
- power networks and facilities owned by the power supply companies,
- fees for service to the existing networks,

Detailed scope of the eligible costs and eligibility rules are enclosed in Annex 1 hereto.

Level of aid

The maximum level of financial aid is 50% of eligible costs, however, not more than:

Project type	The maximum amount of financial aid depending on the project type
1) construction or overhaul and modernization of internal roads.	PLN 200,000.00
2) construction or overhaul and modernization of water supply facilities.	PLN 80,000.00
3) construction or overhaul and modernization of waste water disposal and treatment facilities.	PLN 80,000.00
4) construction or overhaul and modernization of power facilities, including energy from cogeneration and renewable sources.	PLN 120,000.00

Above mentioned amounts of financial aid relate to the support granted to single beneficiary during the period of SOP implementation.

Beneficiaries

Natural persons_ - citizens of the EU Member States running agricultural activity as individual owners or tenants of the agricultural holdings,

Legal entities – entities registered in the Entrepreneur’s Register of the National Court Registrar, which (according to the entry in the a.m. Register) run agricultural activity within the territory of Poland, using the land and buildings owned on autonomous or dependent basis.

Aid may not be granted to the entities which do not possess the agricultural holding and limit their farming activities or production to special agricultural production areas to the production of laboratory animals, entomophags or to keeping and breeding of other animals outside the agricultural holding.

Aid may not be granted to natural person who are receiving a disability pension in connection with total permanent inability to work, or a permanent agricultural pension in connection with inability to work, or to those receiving retirement pension.

Eligibility criteria

Aid may be granted for the projects implemented in the rural or urban-rural gmina localities with the population not exceeding 5 thousand inhabitants.

Moreover, the financial aid is granted for projects for which all the permits necessary for their implementation (listed in separate provisions) have been obtained.

The financial aid is granted provided that the Beneficiary is not in arrears with tax and social security insurance payments.

Aid may not be granted and accorded to an entity which is indebted towards ARMA due to a breach of conditions of the previously granted aid.

A project co-financed under this Measure must not be co-financed from other public support funds granted for implementation of this project..

Beneficiary obligations

The beneficiary must not change the investment target or transfer the ownership of the said holding to third parties or enter into agreements which provide for the transfer of ownership of: buildings, structures, machines, facilities, equipment, – purchased, constructed or modernized, respectively, using the financial aid granted under agreement concluded with ARMA, during a period of 5 years from the date of last payment in this respect. In justified cases ARMA may agree to depart from the a.m. conditions.

Moreover, the beneficiary is obliged to:

- 1) keep the entire set of documentation pertaining to the project implementation for a period of 5 years from the date of last payment made by ARMA in this respect,
- 2) enable ARMA or other authorized entities to conduct a document controls or on-the-spot inspection,

Other commitments of the beneficiary are laid down in the contract for co-financing the project implementation.

Geographical range – the whole country

Institutional system:

- 1) Managing Authority: Minister of Agriculture and Rural Development,
- 2) Implementing Institution: Agency for Restructuring and Modernization of Agriculture (ARMA),
- 3) Final Beneficiary: Agency for Restructuring and Modernization of Agriculture (ARMA),
- 4) beneficiaries: natural or legal entities engaged in agricultural activities,
- 5) ultimate beneficiaries: natural or legal entities engaged in agricultural activities,

Description of implementation system

Applications for aid shall be submitted to ARMA RO according to the procedure described in the relevant provisions.

ARMA RO conducts formal verification of the aid application in particular by checking whether the form has been correctly completed and whether all the required attachments have been provided

If it is found that the submitted documentation is incomplete, the application must be supplemented within 14 days of the receipt by the applicant of a written call from ARMA Regional Office requiring to correct and complete the application..

The application submission date will be the date on which ARMA Regional Office received a properly filled in application with all required attachments which means that an application which had to be supplemented will be registered in the ARMA Regional Office on the date on which the last missing document is submitted.

Application for aid shall be verified in terms of consistency with the Measure objectives and principles through checking the following:

- 1) compliance with the scope of assistance envisaged under the measure,
- 2) compliance with the eligibility criteria.

ARMA also checks whether the scope of project and the planned implementation costs are justified.

Projects, which meet all requirements laid down for this Measure, are approved for implementation within the available funds according to the submission (registration) order of applications.

A project is formally approved for implementation on the day of concluding a contract for project co-financing between ARMA and the beneficiary. The contract is forwarded to the beneficiary and it is signed in the ARMA Regional Office.

The contract stipulates ARMA commitment towards the beneficiary to co-finance the planned project provided that the beneficiary implements the project within the defined scope and time, provides evidence of all incurred costs and fulfils all the contractual obligations.

The contract concluded with ARMA may be amended at the request of either Party. Any change in the contract terms must be made in writing in the form of an Amendment or else shall be deemed null and void.

The beneficiary may commence the project implementation as soon as the contract is signed. Any cost incurred prior to the date of contract conclusion will not be considered eligible. This principle does not apply only to general costs which may be incurred prior to contract signing but not before January 1, 2004.

Claim for payment is filed with the ARMA Regional Office. Payments are made after the beneficiary submits the claim for payment complete with all required attachments (including the incurred cost evidence) and the Agency checks the consistency of project implementation with the contract.

Payment to the beneficiary is made in one amount after the project implementation is completed or (if the contract stipulates so) in two amounts. In the latter case, the beneficiary submits two claims for payment – one after completion of stage I of implementation and the next after the whole project implementation is completed. Payment after the whole project is completed may be made after the beneficiary submits the final project implementation report.

Detailed rules of handling aid applications for aid and claims for payment are laid down in the ARMA procedures approved by the Minister of Agriculture and Rural Development .

Implementation Diagram

Document	Process	Subject
APPLICATION FOR AID	SUBMITTING APPLICATION TO ARMA REGIONAL OFFICE	BENEFICIARY
APPLICATION – VERIFICATION FORM	VERIFICATION of APPLICATION COMPLETENESS AND FORMAL CORRECTNESS EVALUATION OF THE CONSISTENCY WITH THE PROGRAM SUBSTANTIAL ASSESSMENT	ARMA
CONTRACT FOR PROJECT CO-FINANCING	CONCLUSION OF CONTRACT WITH THE BENEFICIARY	ARMA
STAGE I OF THE PROJECT IMPLEMENTATION		
CLAIM FOR PAYMENT	SUBMITTING CLAIM FOR PAYMENT TO ARMA AFTER COMPLETING PROJECT STAGE IMPLEMENTATION	BENEFICIARY
CLAIM FOR PAYMENT – VERIFICATION FORM	VERIFICATION OF APPLICATION COMPLETENESS AND FORMAL CORRECTNESS VERIFICATION OF CLAIM FOR PAYMENT AND CONSISTENCY OF PROJECT IMPLEMENTATION	ARMA

	REPORT WITH CONTRACT CHECKING FOR COST ELIGIBILITY VERIFICATION OF CALCULATION ACCURACY	
PAYMENT ORDER	PREPARATION OF PAYMENT ORDER	ARMA
BANK TRANSER ORDER	PAYMENT	ARMA
LEDGER	BOOKING THE PAYMENT	ARMA
STAGE II OF THE PROJECT IMPLEMENTATION – (*)		
CLAIM FOR PAYMENT AND FINAL REPORTS ON THE PROJECT IMPLEMENTATION	SUBMITTING CLAIM FOR PAYMENT COMPLETE WITH FINAL REPORTS ON THE PROJECT IMPLEMENTATION TO ARMA	BENEFICIARY
CLAIM FOR PAYMENT - VERIFICATION SHEET	VERIFICATION OF APPLIATION COMPLETENESS AND FORMAL CORRECTNESS VERIFICATION OF CLAIM FOR PAYMENT AND CONSISTENCY OF FINAL REPORTS ON THE PROJECT IMPLEMENTATION WITH CONTRACT CHECKING FOR COST ELIGIBILITY VERIFICATION OF CALCULATION ACCURACY	ARMA
PAYMENT ORDER	PREPARATION OF PAYMENT ORDER	ARMA
BANK TRANSER ORDER	PAYMENT	ARMA
LEDGER	BOOKING THE PAYMENT	ARMA

Method of granting aid

Financial aid will be granted in the form of investment grants based on reimbursement of the incurred costs.

Measure budget for 2004-2006 (MEUR)

<i>Measure</i>	<i>European Community EAGGF - Guidance Section</i>	<i>State budget</i>	<i>Local government units</i>	<i>Other public funds</i>	<i>Private</i>
<i>Development and improvement of the infrastructure related to agriculture (total)</i>	28,50	12,21	-	-	40,71

3.2.7. Leader + type Measure

Operational Programme	Sectoral Operational Programme Restructuring and Modernization of the Food Sector and Rural Development
Priority	Sustainable development of rural areas
Measure	Leader + type Measure
Sub-measure	None
Structural Fund intervention area	1305
Measure No.	2.7
Measure duration	2004-2006
Managing Authority	MARD
Intermediate Authority	-
Implementing Institution	Fundation of Assistance Programmes for Agriculture
Final Beneficiaries	Agency for Restructuring and Modernization of Agriculture
Beneficiaries (applicants) – for Scheme I	Local governments of rural and urban-rural municipalities or associations thereof, legal entities: foundations, associations, union of associations and non-governmental organizations (other than those specified above),
– for Scheme II	– Local Action Groups (LAG),
Ultimate Beneficiaries (persons, institutions or social groups directly benefiting from implemented support) – Scheme I	Residents of rural communities.
Ultimate Beneficiaries (persons, institutions or social groups directly benefiting from implemented support) – Scheme II	Residents of rural communities.
Paying Authority	Ministry of Finance - Paying Institution Department
Aid type	grants
Maximum aid amount in % of eligible costs	100%
Total financial support for measure	MEUR 18,75
Scheme I	MEUR 5,575
Scheme II	MEUR 13,175
European Union financial support- total	MEUR 15,0
Scheme I	MEUR 4,5
Scheme II	MEUR 10,5
Domestic financial support- total	MEUR 3,75
Scheme I	MEUR 1,075
Scheme II	MEUR 2,675
Share of private funds as percentage of total funds (%)	-
Share of public funds as percentage of total funds (%)	100%
EU share as percentage of public funds (%)	80%
EU share as percentage of total funds (%)	80%
Domestic share as percentage of public funds (%)	20%
Domestic share as percentage of total funds (%)	20%
Project selection system	Project selection done on the basis of point scoring criteria. SPO Steering Committee's Working Group is included in project evaluation. The project ranking lists is recommend by Steering Committee SPO to MARD for approval.
Composition of working groups dealing with project selection and of Steering Committees	The Steering Committee (Art. 23 of NDP Law): representatives of Managing Authority, ministers relevant to the SOP specific, EAGGF- Guidance Section Monitoring and Control unit, national self-government entities organizations and socio-economic partners. The working group: members of the SOP SC and experts.

Structural Fund Intervention Area: – 1305

Financing: EAGGF – Guidance Section – up to 80% of total eligible costs; 20% co-financing out of the state budget.

Measure objective

The objective of the Measure is to stimulate local initiatives in favour of rural areas' development – creation of Integrated Rural Areas Development Strategy (IRADS), building public – private partnerships (Local Action Groups – LAG) and undertaking actions by the above to develop and promote a region.

The Leader + type measure will facilitate a better usage of rural areas development potential, improvement of their competitiveness as a place to live and run a business and it will contribute to activating of and the cooperation of local communities.

Detailed measure objectives for Scheme I:

- 1) support of rural areas development strategy preparation,
- 2) support of the Local Action Groups (LAG) creation process,
- 3) promotion of rural areas,
- 4) motivating the population to actively participate in the rural areas development process.

Detailed measure objectives for Scheme II:

- 1) support of LAG's operations in strategy implementation,
- 2) promotion of rural areas,
- 3) motivating the population to actively participate in the rural areas development process,
- 4) dissemination and exchange of information about initiatives concerning rural communities activation.

Measure description

The aim of Leader + type measure is to stimulate local partners and get them involved in the process of creating and implementing local rural development strategies.

Leader + type measure will be implemented within two schemes.

Scheme I objective is to create **local action groups (LAG)** – public and private partnerships and to prepare analyses related to development possibilities of rural areas initiated by local actors. On this basis integrated rural development strategies will be worked out.

In order to attain this objective, information, training and advisory activities will be undertaken under Scheme I, aimed at involving local partners in the process of developing concepts for the area concerned and creating public and private partnerships.

Within Scheme II, LAGs with appropriate experience and administrative capacity to administer public funds will implement plans related to support for strategies implementation and rural areas promotion as well as animating cooperation between local partners.

Scheme II will allow the implementation of comprehensive and multisectoral projects taking into account in particular *the* development of tourism, protection and promotion of environment and

landscape, historic and culture resources, promotion, development of regional products and training activities.

Integrated rural development strategies, prepared on the local actors' initiative under Scheme I and implemented under Scheme II, will set directions for development of rural areas concerned.

The strategies should take into account at least one of the following:

- 1) the use of know-how and new technologies to make the products and services of rural areas more competitive,
- 2) improving the quality of life in rural areas,
- 3) adding value to local products, in particular by facilitating access to markets for small production units via collective actions,
- 4) making the best use of natural and cultural resources, including enhancing the value of sites of Community interest selected under Natura 2000.

All the service, especially trainings and advisory services for the ultimate beneficiaries of the Measure will be provided free of charge.

The evaluation of the projects will be conducted by the SOP SC Working Group which encompasses the members of the SOP SC and external experts.

Schemes I and II will be implemented separately. The call for applications for Scheme II will start approximately one year after approval of the SOP.

The Scope of Aid

Scheme I:

- 1) information, training and promotional activities designed to stimulate inhabitants and organisations active in rural areas into participating in the strategy planning process,
- 2) preparation of rural development strategies and technical support for their preparation in particular analyses, expert appraisals, consultation support, studies, etc.,
- 3) advisory and experts services relating to LAGs creation (Local Action Groups).

Scheme II:

- 1) operational activities of the LAGs,
- 2) promotion of and information on the assumptions and methods of implementing rural development strategies,
- 3) training and advisory assistance in preparing and implementing projects that are compliant with a rural development strategy,
- 4) preparation of analyses and documents related to the detailed planning of investments and creating new products and services in accordance with the assumptions of a rural development strategy,
- 5) organisation of events aimed at promoting the region in particular its products, services, culture, art, etc.,
- 6) cooperation and exchange of experience between LAGs on the national and international level among the LAGs with regard to implementation of strategies and organization of LAGs activities.

Detailed scope of the eligible costs and eligibility rules are provided for in Annex 1 hereto.

Aid amount:

The maximum level of aid amounts up to 100 % of eligible costs.

Maximum level of aid in project implementation of **Scheme I** amounts to – **PLN 150,000.00**.

Maximum level of aid in project implementation of **Scheme II** amounts to – **PLN 1,500,000.00**.

Beneficiaries

Scheme I – governments of rural and urban-rural municipalities or their associations, legal entities: foundations, associations, unions of associations and non-governmental organizations (other than those specified above).

Scheme II – Local Action Groups (LAG),

Eligibility Criteria:

Scheme I:

- 1) the aid may be granted to the entities statutorily responsible for rural development,
- 2) project covers the area of at least one gmina,
- 3) if more than one application is submitted for the area concerned, the applicants will be required to submit a declaration of co-operation in elaborating the integrated rural development strategy,
- 4) a project co-financed under this Measure may not be co-financed from other public support funds.

Scheme II:

- 1) beneficiary (a foundation, an association or a union of associations) meets the LAGs criteria, that is:
 - (a) its statutorily aim is acting for the benefit of rural development
 - (b) the economic and social partners and associations make up at least 50% of the partners involved in its decision-making body,
- 2) plan dedicated to implement integrated rural development strategy covers the area of rural or urban-rural gmina, for which the strategy was prepared,
- 3) the territory, where the plan will be implemented, covers a rural area with population between 10 000 and 100 000 inhabitants,
- 4) the territory, where the plan will be implemented, corresponds to the administrative territorial division (on the gmina level),
- 5) the territory, where the plan will be implemented, is homogenous in natural (geographical), economic, cultural or historical terms,
- 6) the integrated rural development strategy submitted by LAG meets formal requirements and is consistent with a development strategy or a local area development plan,
- 7) the implementing of two different plans in the same area is forbidden,
- 8) LAG implementing the project under the Scheme II must not implement other

- projects financed from the Structural Funds,
- 9) a project co-financed under this Measure must not be co-financed from other public aid funds.

Project selection criteria for Scheme I:

1) tax revenues per capita (calculated in accordance with the provisions on local government revenues) within the gmina where the project is planned is shaped as follows:

- | | |
|--|-----------------|
| a) no more than 75% of the national average | 2 points |
| b) from 75% to 100 % of the national average | 1 point |
| c) above national average | 0 points |

2) area encompassed by the project has:

- | | |
|-------------------------------------|------------------|
| a) up to 10 000 residents | 0 point s |
| b) from 10 000 to 50 000 residents | 1 point |
| c) from 50 000 to 100 000 residents | 2 points |

3) the percentage participation of rural population in total population where the project is planned is shaped as follows:

- | | |
|--------------------|-----------------|
| a) less than 50 % | 0 points |
| b) from 50 to 75 % | 1 point |
| c) above 75 % | 2 points |

4) project quality evaluation (conducted by the SPO Steering Committee's Working Group):

- | | |
|--------------|---------------------|
| a) very good | 7– 8 points |
| b) good | 5– 6 points |
| c) average | 3– 4 points |
| d) poor | 0 – 2 points |

The order of the projects on the voivodship ranking list is decided by a total number of points scored by the project concerned and in the case of projects, which scored the same number of points:

- number of points obtained for project quality evaluation;
- lower tax revenue per capita of the gmina.

Two projects which score the biggest number of points are selected from each voivodship, then, if there are financial resources still available, the financing of the further projects is conditioned on the number of points scored.

Project selection criteria for Scheme II:

1) the tax revenue per capita of the gmina where the project is planned (calculated in accordance with the provisions on the local governments revenues) is shaped as follows :

- a) no more than 75% of the national average **2 points**
- b) from 75% to 100 % of the national average **1 point**
- c) above national average **0 points**

2) area encompassed by the project has:

- a) up to 10 000 residents **0 points**
- b) from 10 000 to 50 000 residents **1 point**
- c) from 50 000 to 100 000 residents **2 points**

3) the percentage participation of rural population in total population in the LAG's operation areas totals:

- a) less than 50 % **1 point**
- b) from 50 to 75 % **2 points**
- c) above 75 % **3 points**

4) balanced participation of men and women in the decision making body of LAG (none of the gender accounts for less than 40 %):

- a) to 50% **1 point**

5) IRADS evaluation (conducted by SPO Steering Committee's Working Group):

- a) very good **7– 8 points**
- b) good **5– 6 points**
- c) average **3– 4 points**
- d) poor **0 – 2 points**

6. LAG's administrative potential evaluated by the SOP SC Working Group

- a) professional qualifications and experience of the people responsible for project management **0 – 3 points**
- b) LAG's experience in projects implementation **0 – 2 points**

The order of the projects on the ranking lists is decided by a total number of points scored by the project concerned and in the case of projects, which scored the same number of points:

- number of points scored for project quality evaluation by IRADS,
- population number in the LAG's administrative potential.

One project is selected from each voivodeship, which scored the biggest number of points. Within available financial resources the next projects are eligible according to the number of points scored. The projects which scored 0 (zero) points for LAG's administrative potential are not admissible for implementation

Beneficiary obligations

The beneficiary is obligated to:

- 1) maintain the entire set of documentation pertaining to the project implementation for a period of 5 years from the date of receiving the last payment from ARMA within the project implementation,
- 2) enable FAPA or other authorized entities to conduct a document or on-the-spot inspections during the project implementation for a period of 5 years from the date of the last payment.

Other obligations of the beneficiary are defined in the contract for co-financing.

Geographical coverage: – the entire country

Institutional system

- 1) Managing Authority: Minister of Agriculture and Rural Development,
- 2) Implementing Institution: Foundation of Assistance Programmes for Agriculture (FAPA),
- 3) Final Beneficiary: Agency for Restructuring and Modernization of Agriculture (ARMA),
- 4) beneficiaries:
 - **for Scheme I:** local governments of rural and urban-rural gminas or their associations, legal entities: foundations, associations, unions of associations and other non-governmental organizations having legal personality,
 - **for Scheme II:** Local Action Groups (LAG),
- 5) ultimate beneficiaries: inhabitants of rural areas,

Description of implementation

For Scheme I:

Applications for aid shall be submitted to FAPA according to the procedure described in the relevant provisions.

The application for aid is subject to checking whether the printout is consistent with the electronic version, and to formal verification i.e. check whether the form is properly completed and the adequate number of attachementes have been provided.

In an event that inconsistencies are found between the electronic version and the printout the application will be rejected.

If the submitted documents are incomplete the application will require to be supplemented with missing or incomplete information and/or documents within 14 days of receipt by the applicant of a written call sent by FAPA requesting the applicant to make up for irregularities.

The date of submitting aid application shall be the date on which a correct and complete set of documentation is submitted to FAPA. The application which required correction is registered in the order of submitting the last correction.

Application for aid is subject to verification whether it is compatible with the objectives and principles of the Measure. The following is checked in particular:

- 1) consistency of the project with the scope of aid foreseen within the Measure,
- 2) consistency with the eligibility criteria within the defined Scheme I.

FAPA conducts an evaluation of projects according to the number of points scored based on the selection criteria, with the exception of project quality assessment. As the next stage the lists of project are submitted to the SPO Steering Committee's Working Group, which evaluates their quality and placement on the ranking lists. The project ranking lists are forwarded to the SPO Steering Committee which then makes recommendations.

Acceptance of the project implementation is formalized and becomes effective at the moment of signing a contract between FAPA and the applicant.

The contract for project co-financing is forwarded to the Applicant and the signing thereof is done in the FAPA office.

The contract for project co-financing defines FAPA's obligation to co-finance the planned project under the condition that the beneficiary implements the said project within the specified scope and time, documents all costs incurred and adheres to all obligations stipulated in the contract for project co-financing.

The beneficiary is obliged to:

- 1) maintain the entire set of documentation pertaining to the project implementation for a period of 5 years from the date of receiving the last payment from ARMA within the project implementation,
- 2) enable FAPA or other authorized entities to conduct a document or on-the-spot inspections during the project implementation for a period of 5 years from the date of the last payment.

The above described contract for project co-financing may be amended at the request of either Party. Any and all changes require to be made in writing in the form of an Amendment or otherwise shall be null and void.

The beneficiary may commence with the project implementation at the moment of signing the said contract for project co-financing. Any costs incurred prior to the date of the contract shall not be considered as eligible costs.

Claim for payment is filed at the FAPA Office.

The beneficiary files a claim for payment to FAPA after implementing the entire project or a stage thereof. The claim for payment must be submitted with all the required attachments, especially the proofs of payments made. FAPA evaluates the completeness and proper submission of the claim for payment as well as its conformity with the contract for project co-financing. A stage of project implementation may include tasks the total eligible cost of which amounts to at least PLN 50 th. Payment is made to the beneficiary by ARMA based on FAPA's authorization. ARMA informs FAPA about making payment to the beneficiary.

After completing the project implementation along with the final claim for payment, the beneficiary is required to submit a final report on the project implementation containing a summary of the entire project, a list of completed tasks and checking the project's conformity with the terms and conditions of the contract for project co-financing.

Detailed principles for handling applications for aid and claim for payment are defined in FAPA procedures authorized by MARD.

Scheme II:

Applications for aid shall be submitted to FAPA according to the procedure described in the relevant provisions.

Accepting applications for aid for Scheme II of the **Leader + type measure** is foreseen to commence in the second half of SOP implementation.

The application for aid is verified in terms of consistency of the printout with the electronic version, and checked whether the form was correctly completed and whether the appropriate number of attachments have been provided.

In an event that inconsistencies are found between the electronic version and the printout the application will be rejected.

If the submitted documents are incomplete the application will require to be supplemented with missing or incomplete information and/or documents within 14 days of the receipt by the applicant of a written call from FAPA with a request to make up for irregularities.

The date of submitting the application is the date on which a complete and correct set of documentation was submitted to FAPA. Applications requiring corrections shall be registered in the order of submitting the last correction.

Application for aid is subject to verification in terms of conformity with objectives and principles of the Measure . The following is checked in particular:

- 1) consistency of the project with the scope of aid foreseen within the Measure,
- 2) consistency with the eligibility criteria within the defined Scheme II.

FAPA conducts an evaluation according to the number of points scored according to the selection criteria , with the exception of IRADS quality evaluation and LAG's administrative potential. The project lists are then submitted to the SPO Steering Committee's Working Group, which evaluates their quality and placement of projects on the lists. The project ranking lists are then forwarded to the SPO Steering Committee which makes recommendations

Acceptance of the project implementation is formalized and becomes effective at the moment of signing a contract for project co-financing between FAPA and the applicant.

The contract for project co-financing is forward to the Applicant and the signing thereof is done in the FAPA office.

The contract for project co-financing defines FAPA's obligation to co-finance the planned project on condition that the beneficiary implements the said project within the specified scope and time, documents all costs incurred and adheres to all obligations stipulated in the contract for project co-financing.

The beneficiary is obliged to:

- 1) maintain the entire set of documentation pertaining to the project implementation for a period of 5 years from the date of receiving the last payment from ARMA within the project implementation,
- 2) enable FAPA or other authorized entities to conduct a document or on-the-spot inspections during the project implementation for a period of 5 years from the date of the last payment.

The above described contract for project co-financing may be amended at the request of either Party. Any and all changes require to be made in writing in the form of an Amendment or otherwise shall be null and void.

The beneficiary may commence with the project implementation at the moment of signing the said contract for project co-financing. Any costs incurred prior to the date of the contract shall not be considered as eligible costs.

Claim for payment is filed at the FAPA Office.

The beneficiary files a claim for payment to FAPA after implementing the entire project or one stage thereof. The claim for payment must be submitted with all the required attachments, especially proofs of payments made. FAPA evaluates the completeness and proper submission of the claim for payment as well as its conformity with the contract for project co-financing. A stage of project implementation may include tasks the total eligible cost of which amounts to at least PLN 50 th. Payment is made to the beneficiary by ARMA based on FAPA's authorization. ARMA informs FAPA about making payment to the beneficiary.

After completing the project implementation along with the final claim for payment, the beneficiary is required to submit a final report on the project implementation containing a summary of the entire project, a list of completed tasks and checking the project's conformity with the terms and conditions of the contract for project co-financing.

Detailed principles for handling applications for aid and claim for payment are defined in FAPA procedures authorized by Minister of Agriculture and Rural Development.

Implementation Diagram

Document	Process	Subject
APPLICATION FOR AID	SUBMITTING APPLICATION TO FAPA	BENEFICIARY
APPLICATION FOR AID – VERIFICATION FORM	FORMAL VERIFICATION (COMPLETENESS AND FORMAL CORRECTNESS)	FAPA

	EVALUATION OF CONSISTENCY WITH ELIGIBILITY CRITERIA	
LIST OF THE PROJECTS	PREPARATION THE LIST OF THE PROJECTS	FAPA
EVALUATION FORM,PROJECT LIST	PROJECT QUALITY EVALUATION/ STRATEGY, ADMINISTRATIVE POTENTIAL	FAPA
PROJECT RANKING LIST	PREPARATION OF THE RANKING LIST	SC SPO'S WORK GROUP
CONTRACT FOR PROJECT CO-FINANCING WITH BENEFICIARY	SIGNING THE CONTRACT FOR PROJECT CO-FINANCING	FAPA
PROJECT IMPLEMENTATION OR A STAGE		
CLAIM FOR PAYMENT	SUBMISSION TO FAPA	BENEFICIARY
APPLICATION FOR PAYMENT – VERIFICATION FORM	APPLICATION COMPLETENESS AND FORMAL CORRECTNESS VERIFICATION, EVALUATION OF FINAL REPORT AND VERIFICATION OF APPLICATION'S PROJECT (STAGE) IMPLEMENTATION CONSISTENCY WITH THE CONTRACT	FAPA
PAYMENT ORDER	PREPARATION OF PAYMENT ORDER	FAPA
BANK TRANSER ORDER	MAKING PAYMENT	ARMA
LEDGER	BOOKING THE PAYMENT	ARMA
FINAL STAGE OF PROJECT IMPLEMENTATION		
CLAIM FOR PAYMENT – FINAL REPORT ON THE PROJECT IMPLEMENTATION (STAGE)	SUBMISSION TO FAPA	BENEFICIARY
APPLICATION FOR PAYMENT – VERIFICATION FORM	APPLICATION COMPLETENESS AND FORMAL CORRECTNESS VERIFICATION, EVALUATION OF FINAL REPORT AND VERIFICATION OF APPLICATION'S PROJECT (STAGE) IMPLEMENTATION CONSISTENCY WITH THE CONTRACT	FAPA
PAYMENT ORDER	PREPARATION OF PAYMENT ORDER	FAPA
BANK TRANSER ORDER	MAKING PAYMENT	ARMA
LEDGER	BOOKING THE PAYMENT	ARMA

Method of granting support

Financial support will be granted in the form grants based on reimbursement of incurred costs.

Measure budget for 2004-2006 (MEUR)

<i>Measure</i>	<i>European Community EAGGF - Guidance Section</i>	<i>State budget</i>	<i>Llocal government units</i>	<i>Other public</i>	<i>Private</i>
<i>Leader + type measure (total)</i>	15	3,75	-	-	-
<i>Scheme I</i>	4,5	1,075	-	-	-
<i>Scheme II</i>	10,5	2,675	-	-	-

3.3. Priority III – ‘Technical Assistance’

3.3.1. Measure 3.1. ‘Support for the SOP management and implementation system’

Operational Programme	Sectoral Operational Programme Restructuring and Modernization of the Food Sector and Rural Development
Priority	Technical Assistance
Measure	Support for the SOP management and implementation system
Sub-measure	None
Structural Fund intervention area	411,413
Measure No	3.1
Measure duration	2004 – 2006
Managing Authority	Minister of Agriculture and Rural Development
Intermediate Authority	-
Final Beneficiaries/Implementing Institution	Agency for Restructuring and Modernization of Agriculture
Beneficiaries (applicants)	Ministry of Agriculture and Rural Development, Agency for Restructuring and Modernization of Agriculture, Foundation of Assistance Programmes for Agriculture, Marshal Offices
Ultimate beneficiaries (persons, institutions or social groups directly benefiting from implemented support)	Ministry of Agriculture and Rural Development, Agency for Restructuring and Modernization of Agriculture, Foundation of Assistance Programmes for Agriculture, Marshal Offices
Paying Authority	Ministry of Finance - Paying Institution Department
Aid type	Technical Assistance
Maximum aid amount in % of eligible costs	100% of eligible costs
Total financial support for measure	MEUR 10,53
European Union financial support	MEUR 7,90
Domestic financial support	MEUR 2,63
Share of private funds as percentage of total funds	None
Share of public funds as percentage of total funds	100%
EU share as percentage of public funds	75%
EU share as percentage of total funds	75%
Domestic share as percentage of public funds	25%
Domestic share as percentage of total funds	25%
Project selection system	Projects for implementation are recommended by SOP Steering Committee.
Composition of working groups dealing with project selection and of Steering Committees	The SOP Steering Committee (Art. 23 of NDP Act): representatives of the managing authority, ministers relevant to the SOP specificity, the EAGGF-Guidance Section - Monitoring and Control Unit, nationwide organizations of self-government units, and social and economic partners. The Working Group: SOP Steering Committee members or experts.

Structural Fund intervention area – 411,413

Financing: the contribution of the EAGGF – Guidance Section – up to 75% of total eligible cost; co-financing from the state budget.

Measure objectives

- 1) improvement of the efficiency of institutions responsible for the management and implementation of the SOP,
- 2) ensuring conditions for the effective operation of the SOP Monitoring Committee and the steering committees,
- 3) support for audits and on-the-spot checks.

Measure description

Within the Measure those projects will be implemented, which will contribute to improving the SOP implementation process through expert, human resources and technical assistance of the institutions involved in the management, implementation, monitoring and control of SOP. Moreover, the Measure shall also support tasks related to the work of the SOP Monitoring Committee, SOP Steering Committee and their working groups as well as Regional Steering Committees in the part of work related to the Programme. Conducting audits and on-the-spot checks will also be encompassed by the support activities of this Measure.

Detailed scope of eligible costs and eligibility rules are provided in Annex 1 hereto.

Level of aid

The maximum level of aid for the beneficiary is 100% of eligible costs.

Projects implemented under this Measure shall be co-financed within the scope of the amount limit accepted by the European Commission, calculated pursuant to the provisions of Rule No 11 of Commission Regulation (EC) No 448/2004 (OJ L 160/48 of 28.06.2003)*).

Beneficiaries

Institutions responsible for the management, implementation, monitoring and control of the SOP with respect to tasks performed in order to implement the SOP:

- 1) Ministry of Agriculture and Rural Development (MARD),
- 2) Agency for Restructuring and Modernization of Agriculture (ARMA),
- 3) Foundation of Assistance Programmes for Agriculture (FAPA),
- 4) Marshal Offices,

Eligibility criteria

- 1) project consistency with measure objectives,
- 2) project costs are consistent with the scope of eligible costs for the Measure,
- 3) project implementation period corresponds with the SOP implementation period.

Selection criteria

Technical assistance is foreseen as support for specific beneficiaries granted depending on existing and submitted needs. Projects are selected based on technical assistance priorities defined by the SOP Steering Committee.

Institutional System

- 1) Managing Authority: Minister of Agriculture and Rural Development,
- 2) Implementing Institution: Agency for Restructuring and Modernization of Agriculture (ARMA),
- 3) Final Beneficiary: Agency for Restructuring and Modernization of Agriculture (ARMA),
- 4) beneficiaries: Ministry of Agriculture and Rural Development, Agency for Restructuring and Modernization of Agriculture, Foundation of Assistance Programmes for Agriculture, Marshal Offices.

Description of implementation system

Applications for aid shall be submitted to ARMA Head Office according to the procedure described in the relevant provisions.

The application for aid is checked by the Head Office of ARMA for its conformity with the electronic printout and formally verified whether the said application is properly filled out, complete and has all the required attachments.

In an event that inconsistencies are found between the electronic version and the printout the application will be rejected. If the submitted documents are incomplete the application will have to be supplemented within 14 days of the receipt by the applicant of a written call by ARMA requesting the applicant to make up for inconsistencies.

Date of application submission will be the date on which ARMA received a properly filled out application with a complete set of required attachments, which means that an incomplete application requiring supplementing will be registered on the day when the last missing document has been submitted to ARMA.

Application for aid is subject to substantial assessment, including, i.a. its consistence with eligibility criteria and Measure principles.

ARMA prepares two application lists: a list of applications with a positive formal and substantial verification and a list of rejected applications along with justification. ARMA submits the formally correct applications along with the lists to the Ministry of Agriculture and Rural Development (MARD).

MARD presents the list of proper applications to the SOP Steering Committee working group. Based on the technical assistance priorities set out by the SOP Steering Committee for the given year, the SOP Steering Committee working group selects projects for implementation and possibly makes corrections to claims for funds submitted in the beneficiaries' applications for aid, taking into account the amount of aid available in the given year for tasks under technical assistance. In cases the received allocation to project is smaller than that applied for, beneficiaries make the indicated corrections in their applications, which are then again presented during a working group meeting.

The SOP Steering Committee recommends a list of projects for implementation to the Minister of Agriculture and Rural Development. The Minister of Agriculture and Rural Development approves the list of projects for implementation and based on that:

- 1) the Minister of Agriculture and Rural Development issues a decision on the implementation of technical assistance projects submitted by MARD,
- 2) the Minister of Agriculture and Rural Development concludes contracts for project co-financing with ARMA for technical assistance projects relating to ARMA,
- 3) ARMA concludes contracts for project co-financing with the remaining implementing institutions.

The above described contract may be modified at the request of either Party. Any changes require to be made in writing in the form of an Amendment or else shall be deemed null and void

After signing the contract the beneficiary selects the suppliers of commodities and services for the project in compliance with the public procurement law. The beneficiary is obliged to submit information on the project costs resulting from the tender procedure. Where the cost of the project is lower than planned a correction of the amount of support is made in the contract. After completing a stage of or the entire project the beneficiary submits a claim for payment along with all the required attachments to the Head Office of ARMA. Payment to the beneficiary is made after verification of the formal correctness of the claim for payment and the implemented project consistency with the contract/MARD decision.

Detailed terms of handling applications for aid and claims for payment shall be defined in ARMA procedures approved by Minister of Agriculture and Rural Development. .

Measure budget for 2004-2006 (MEUR)

<i>Measure</i>	<i>European Community EAGGF - Guidance Section</i>	<i>State budget</i>	<i>Local government units</i>	<i>Other public</i>	<i>Private</i>
<i>Support for the SOP management and implementation system</i>	7,90	2,63	-	-	-

3.3.2. Measure 3.2. 'Institutional Development'

Operational Programme	Sectoral Operational Programme Restructuring and Modernization of the Food Sector and Rural Development
Priority	Technical Assistance
Measure	Institutional Development
Sub-measure	None
Structural Fund intervention area	411,412
Measure No	3.2.
Measure duration	2004 – 2006
Managing Authority	Minister of Agriculture and Rural Development
Intermediate Authority	-
Final Beneficiaries/Implementing Institution	Agency for Restructuring and Modernization of Agriculture
Beneficiaries	Ministry of Agriculture and Rural Development, Agency for Restructuring and Modernization of Agriculture, Foundation of Assistance Programmes for Agriculture, Marshal Offices
Ultimate Beneficiaries (persons, institutions or social groups directly benefiting from implemented support)	Ministry of Agriculture and Rural Development, Agency for Restructuring and Modernization of Agriculture, Foundation of Assistance Programmes for Agriculture, Marshal Offices
Paying Authority	Ministry of Finance - Paying Institution Department
Aid type	Technical Assistance
Maximum aid amount in % of eligible costs	100% of eligible costs
Total financial support for measure	MEUR 4,96
European Union financial support	MEUR 3,72
Domestic financial support	MEUR 1,24
Share of private funds as percentage of total funds	None
Share of public funds as percentage of total funds	100%
EU share as percentage of public funds	75%
EU share as percentage of total funds	75%
Domestic share as percentage of public funds	25%
Domestic share as percentage of total funds	25%
Project selection system	Projects for implementation are recommended by SOP's Steering Committee.
Composition of working groups dealing with project selection and of Steering Committees	The SOP Steering Committee (Art. 23 of NDP Act): representatives of the managing authority, ministers relevant to the SOP specificity, the EAGGF-Guidance Section - Monitoring and Control Unit, nationwide organizations of self-government units, and social and economic partners. The Working Group: SOP Steering Committee members or experts.

Structural Fund intervention area – 411,412

Financing: the contribution of the EAGGF – Guidance Section – up to 75% of total eligible cost; co-financing from the state budget.

Measure objectives

- 1) improvement of the efficiency of institutions responsible for the management and implementation of the SOP,
- 2) improvement and adjustment of staff qualifications in order to better carry out tasks involving the management, implementation, monitoring and control of the SOP,
- 3) conducting programme evaluations.

Measure description

This Measure includes projects concerning the preparation of human resources for proper and effective management, implementation, monitoring and control of aid, which is in conformity with the EU regulations.

Detailed scope of eligible costs and eligibility rules are provided in Annex 1 hereto.

Level of aid

The maximum level of public support for the beneficiary is 100% of eligible costs.

Pursuant to the provisions of Rule No 11.3 of Commission Regulation (EC) No 448/2004 costs incurred within this Measure are not subject to a defined limit.

Beneficiaries

Institutions responsible for the management, implementation, monitoring and control of the SOP with respect to tasks performed in order to implement the SOP:

- 1) Ministry of Agriculture and Rural Development (MARD),
- 2) Agency for Restructuring and Modernization of Agriculture (ARMA),
- 3) Foundation of Assistance Programmes for Agriculture (FAPA),
- 4) Marshal Offices,

Eligibility criteria

- 1) project consistency with Measure objectives,
- 2) project costs are consistent with the scope of eligible costs for the Measure,
- 3) project implementation period corresponds with the SOP implementation period.

Selection criteria

Technical assistance is provided for specific beneficiaries and granted depending on existing and submitted needs. Projects are selected based on technical assistance priorities defined by the SOP Steering Committee.

Institutional System

- 1) Managing Authority: Minister of Agriculture and Rural Development,
- 2) Implementing Institution: Agency for Restructuring and Modernization of Agriculture (ARMA),
- 3) Final Beneficiary: Agency for Restructuring and Modernization of Agriculture (ARMA),

- 4) beneficiaries: Ministry of Agriculture and Rural Development, Agency for Restructuring and Modernization of Agriculture, Foundation of Assistance Programmes for Agriculture, Marshal Offices.

Description of implementation system

Applications for aid shall be submitted to ARMA Head Office according to the procedure described in the relevant provisions.

The application for aid is checked by the Head Office of ARMA for its conformity with the electronic printout and formally verified whether the said application is properly filled out, complete and has all the required attachments.

In an event that inconsistencies are found between the electronic version and the printout the application will be rejected. If the submitted documents are incomplete the application will have to be supplemented within 14 days of the receipt by the applicant of a written call by ARMA requesting the applicant to make up for inconsistencies.

Date of application submission will be the date on which ARMA received a properly filled out application with a complete set of required attachments, which means that an incomplete application requiring supplementing will be registered on the day when the last missing document has been submitted to ARMA.

Application for aid is subject to substantial assessment, including. i.a. its consistence with eligibility criteria and Measure principles.

ARMA prepares two application lists: a list of applications with a positive formal and substantial verification and a list of rejected applications along with justification. ARMA submits the formally correct applications along with the lists to the Ministry of Agriculture and Rural Development (MARD).

MARD presents the list of proper applications to the SOP Steering Committee working group. Based on the technical assistance priorities set out by the SOP Steering Committee for the given year, the SOP Steering Committee working group selects projects for implementation and possibly makes corrections to claims for funds submitted in the beneficiaries' applications for aid, taking into account the amount of aid available in the given year for tasks under technical assistance. In cases the received allocation to project is smaller that that applied for, beneficiaries make the indicated corrections in their applications, which are then again presented during a working group meeting.

The SOP Steering Committee recommends a list of projects for implementation to the Minister of Agriculture and Rural Development. The Minister of Agriculture and Rural Development approves the list of projects for implementation and based on that:

- 1) the Minister of Agriculture and Rural Development issues a decision on the implementation of technical assistance projects submitted by MARD,
- 2) the Minister of Agriculture and Rural Development concludes contracts for project co-financing with ARMA for technical assistance projects relating to ARMA,
- 3) ARMA concludes contracts for project co-financing with the remaining implementing institutions.

The above described contract may be modified at the request of either Party. Any changes require to be made in writing in the form of an Amendment or else shall be deemed null and void.

After signing the contract the beneficiary selects the suppliers of commodities and services for the project in compliance with the public procurement law. The beneficiary is obliged to submit information on the project costs resulting from the tender procedure. Where the cost of the project is lower than planned a correction of the amount of support is made in the contract. After completing a stage of or the entire project the beneficiary submits a claim for payment along with all the required attachments in the Head Office of ARMA. Payment to the beneficiary is made after verification of the formal correctness of the claim for payment and the implemented project consistency with the contract/MARD decision.

Detailed terms of handling applications for aid and claims for payment shall be defined in ARMA procedures approved by Minister of Agriculture and Rural Development..

Measure budget in the years 2004-2006 (MEUR)

<i>Measure</i>	<i>European Community EAGGF - Guidance Section</i>	<i>State budget</i>	<i>Local government units</i>	<i>Other public</i>	<i>Private</i>
<i>Institutional Development</i>	3,72	1,24	-	-	-

3.3.3. Measure 3.3. 'SOP information and publicity'

Operational Programme	Sector Operational Programme Restructuring and Modernization of the Food Sector and Rural Development
Priority	Technical Assistance
Measure	Programme information and publicity
Sub-measure	None
Structural Fund intervention area	411,415
Measure No	3.3
Measure duration	2004 – 2006
Managing Authority	Minister of Agriculture and Rural Development
Intermediate Authority	-
Final Beneficiaries/Implementing Institution	Agency for Restructuring and Modernization of Agriculture
Beneficiaries	Ministry of Agriculture and Rural Development, Agency for Restructuring and Modernization of Agriculture, Foundation of Assistance Programmes for Agriculture, Marshal Offices
Ultimate Beneficiaries (persons, institutions or social groups directly benefiting from implemented support)	Potential Programme beneficiaries, general public
Paying Authority	Ministry of Finance - Paying Institution Department
Aid type	Technical Assistance
Maximum aid amount in % of eligible costs	100% of eligible costs
Total financial support for measure	MEUR 8,51
European Union financial support	MEUR 6,38
Domestic financial support	MEUR 2,13
Share of private funds as percentage of total funds	None
Share of public funds as percentage of total funds	100%
EU share as percentage of public funds	75%
EU share as percentage of total funds	75%
Domestic share as percentage of public funds	25%
Domestic share as percentage of total funds	25%
Project selection system	Projects for implementation are recommended by SOP's Steering Committee.
Composition of working groups dealing with project selection and of Steering Committees	The SOP Steering Committee (Art. 23 of NDP Act): representatives of the managing authority, ministers relevant to the SOP specificity, the EAGGF-Guidance Section - Monitoring and Control Unit, nationwide organizations of self-government units, and social and economic partners. The Working Group: SOP Steering Committee members or experts.

Structural Fund intervention area – 411,415

Financing: the contribution of the EAGGF – Guidance Section – up to 75% of total eligible cost; co-financing from the state budget.

Measure objective

The objective of the measure is to promote and inform the general public as well as entities interested in obtaining support about the SOP, its principles of operation and the results of the support in particular the following:

- 1) ongoing process of informing the general public about the principles of granting the support within the SOP in the years 2004 – 2006 as well as about the SOP implementation progress,
- 2) promoting EC support,
- 3) promotion of experience and the best practice in project implementation under SOP,
- 4) consultation of assumptions to programme for the consecutive programming period.

The Measure shall foster discharging Polish obligation in respect of information and promotion, resulting from Article 46 of Council Regulation No 1260/1999 and the Commission Regulation No 1159/2000 (OJ L 130/30 of 31 May, 2000)*).

Measure description

The measure will contribute to disseminating of information about the SOP as well as to conducting the SOP promotion activities in particular implementing the tasks specified in the strategy (see Chapter 7).

Detailed scope of eligible costs and eligibility rules are provided in Annex 1 hereto.

Level of aid

The maximum level of public support for the beneficiary is 100% of eligible costs.

Pursuant to the provisions of Rule No 11 of Commission Regulation (EC) No 448/2004/EC costs incurred within this Measure are not subject to a defined limit.

Beneficiaries

Institutions responsible for the management, implementation, monitoring and control of the SOP with respect to tasks performed in order to implement the SOP:

- 1) Ministry of Agriculture and Rural Development,
- 2) Agency for Restructuring and Modernization of Agriculture,
- 3) Foundation of Assistance Programmes for Agriculture,
- 4) Marshal Offices,

Eligibility criteria

- 1) project consistency with Measure objectives,
- 2) project costs are consistent with the scope of eligible costs for the measure,
- 3) project implementation period corresponds with the programme implementation period.

Selection criteria

Technical assistance is provided to specific beneficiaries and granted depending on existing and submitted needs. Projects are selected based on technical assistance priorities defined by the SOP Steering Committee.

Institutional System

- a) Managing Authority: Minister of Agriculture and Rural Development,
- b) Implementing Institution: Agency for Restructuring and Modernization of Agriculture (ARMA),
- c) Final Beneficiary: Agency for Restructuring and Modernization of Agriculture (ARMA),
- d) beneficiaries: Ministry of Agriculture and Rural Development, Agency for Restructuring and Modernization of Agriculture, Foundation of Assistance Programmes for Agriculture (FAPA), Marshal Offices.

Description of implementation system

Applications for aid shall be submitted to ARMA Head Office according to the procedure described in the relevant provisions.

The application for aid is checked by the Head Office of ARMA for its conformity with the electronic printout and formally verified whether the said application is properly filled out, complete and has all the required attachments.

In an event that inconsistencies are found between the electronic version and the printout the application will be rejected. If the submitted documents are incomplete the application will have to be supplemented within 14 days of the receipt by the applicant of a written call by ARMA requesting the applicant to make up for inconsistencies.

Date of application submission will be the date on which ARMA received a properly filled out application with a complete set of required attachments, which means that an incomplete application requiring supplementing will be registered on the day when the last missing document has been submitted to ARMA.

Application for aid is subject to substantial assessment, including, i.a. its consistence with eligibility criteria and Measure principles.

ARMA prepares two application lists: a list of applications with a positive formal and substantial verification and a list of rejected applications along with justification. ARMA submits the formally correct applications along with the lists to the Ministry of Agriculture and Rural Development (MARD).

MARD presents the list of proper applications to the SOP Steering Committee working group. Based on the technical assistance priorities set out by the SOP Steering Committee for the given year, the SOP Steering Committee working group selects projects for implementation and possibly makes corrections to claims for funds submitted in the beneficiaries' applications for aid, taking into account the amount of aid available in the given year for tasks under technical assistance. In cases the received allocation to project is smaller that that applied for,

beneficiaries make the indicated corrections in their applications, which are then again presented during a working group meeting.

The SOP Steering Committee recommends a list of projects for implementation to the Minister of Agriculture and Rural Development. The Minister of Agriculture and Rural Development approves the list of projects for implementation and based on that:

- 1) the Minister of Agriculture and Rural Development issues a decision on the implementation of technical assistance projects submitted by MARD,
- 2) the Minister of Agriculture and Rural Development concludes contracts for project co-financing with ARMA for technical assistance projects relating to ARMA,
- 3) ARMA concludes contracts for project co-financing with the remaining implementing institutions.

The above described contract may be modified at the request of either Party. Any changes require to be made in writing in the form of an Amendment or else shall be deemed null and void.

After signing the contract the beneficiary selects the suppliers of commodities and services for the project in compliance with the public procurement law. The beneficiary is obliged to submit information on the project costs resulting from the tender procedure. Where the cost of the project is lower than planned a correction of the amount of support is made in the contract. After completing a stage of or the entire project the beneficiary submits a claim for payment along with all the required attachments in the Head Office of ARMA. Payment to the beneficiary is made after verification of the formal correctness of the claim for payment and the implemented project consistency with the contract/MARD decision.

Detailed terms of handling applications for aid and claims for payment shall be defined in ARMA procedures approved by Minister of Agriculture and Rural Development..

Measure budget for 2004-2006 (MEUR)

<i>Measure</i>	<i>European Community EAGGF - Guidance Section</i>	<i>State budget</i>	<i>Local government units</i>	<i>Other public</i>	<i>Private</i>
<i>Program Information and publicity</i>	6,38	2,13	-	-	-

CHAPTER 4. FINANCIAL TABLE

The policy of financial allocations on the national level for particular SOP Measures.In order to provide for balanced conditions for the access to the SOP funds in Poland, the amounts for implementation of the following Measures:

- 1) 1.1. 'Investments in agricultural holdings',
 - 2) 1.2. 'Setting up of young farmers',
 - 3) 2.2. 'Land re-parcelling',
 - 4) 2.3. 'Renovation of rural areas and preservation and protection of cultural heritage',
 - 5) 2.4. 'Diversification of agricultural and agriculture-related activities to provide multiple activities or alternative incomes',
 - 6) 2.5. 'Agricultural water resources management',
 - 7) 2.6. 'Development and improvement of the infrastructure related to agriculture',
- will be initially allocated to particular voivodeships.

The funds will be allocated to the voivodeships on the basis of measurable criteria defined by National Steering Committee in the way reflecting the scale of needs of particular voivodeships as far as the above SOP Measures are concerned.

The allocation of funds intended for financing the following Measures:

- 1) 1.3. 'Training',
 - 2) 1.4. 'Agriculture advisory support',
- will be accomplished by specifying the conditions of the tenders for the implementation of the projects within these Measures.

For the remaining SOP Measures no allocation of funds to particular voivodeships has been provided.

Indicative financial table for SOP 'Restructuring and Modernisation of the Food Sector and Rural Development' for 2004 – 2006

Priority/Measure	Public										Private	Cohesion Fund	National funds	EIB loans
	Total	Community contribution				Public national contribution								
		Total	ERDF	ESF	EAGGF	FIFG	Total	National budget	Budgets of local governments	Other				
Priority I Supporting changes and adjustments in agri-food sector	1315291918	839189238	-	-	839189238	-	476102680	476102680	-	-	789474952	-	-	-
Investments in agricultural holdings,	603922871	325189238			325189238		278733633	278733633			325189238			-
Setting up of young farmers,	173333333	130000000			130000000		43333333	43333333			0			-
Training,	20000000	16000000			16000000		4000000	4000000			0			-
Agriculture advisory support	53750000	43000000			43000000		10750000	10750000			0			-
Improvement of the processing and marketing of agricultural products	464285714	325000000			325000000		139285714	139285714			464285714			-
Priority II Sustainable development of rural areas	444857143	335500000	-	-	335500000	-	109357143	86857143	22500000	-	155857143	-	-	-
Restoring forestry production potential damaged by natural disaster and fire and introducing appropriate prevention instruments	12500000	10000000			10000000		2500000	2500000						-
Land reparcelling	21250000	17000000			17000000		4250000	4250000						-
Renovation of rural areas and preservation and protection of cultural heritage	112500000	90000000			90000000		22500000	0	22500000					-
Diversification of agricultural and agriculture-related activities to provide multiple activities or alternative incomes	107142857	75000000			75000000		32142857	32142857			107142857			-
Agricultural water resources management	132000000	100000000			100000000		32000000	32000000			8000000			-
Development and improvement of the infrastructure related to agriculture	40714286	28500000			28500000		12214286	12214286			40714286			-
LEADER + Pilot Programme	18750000	15000000			15000000		3750000	3750000						-
Priority: Technical assistance	24000000	18000000	-	-	18000000	-	6000000	6000000	-	-	-	-	-	-
Support to the system managing and implementing the Programme	10529760	7897320			7897320		2632440	2632440						-
Institutional development	4963200	3722400			3722400		1240800	1240800						-
Providing information about the Programme and promotion	8507040	6380280			6380280		2126760	2126760						-
Total (Priorities together)	1784149061	1192689238	-	-	1192689238	-	591459823	568959823	22500000	-	945332095	-	-	-
Total connected with ERDF														
Total connected with ESF														
Total connected with EAGGF		1192689238			1192689238									
Total connected with FIFG														

Calculation based on 2004 prices in EUR according to EC deflator (Deflator = 1,130288298) The table relates to financial liabilities between 2004-2006.

Financial table of Sectoral Operational Program Restructuring and Modernization of the Food Sector and Rural Development 2004-2006 by priority, Measure and year (commitments) *

Priority / measure / year	Public										Private	Cohesion Fund	National co-finance CF	EIB loans
	Total	Community contribution					National public contribution							
		Total	ERDF	ESF	EAGGF	FIGG	Total	State budget	Budgets of local governments	Other				
1=2+7	2=3+4+5+6	3	4	5	6	7=8+9+10	8	9	10	11	12	13	14	
Priority I Supporting of changes and adjustments in agri-food sector	1 315 291 918	839 189 238	-	-	839 189 238	-	476 102 680	476 102 680	-	-	789 474 952	-	-	-
2004	307 278 869	196 051 627			196 051 627		111 227 242	111 227 242			184 437 362			
2005	439 084 664	280 147 030			280 147 030		158 937 634	158 937 634			263 550 880			
2006	568 928 385	362 990 581			362 990 581		205 937 804	205 937 804			341 486 710			
2004-2006	1 315 291 918	839 189 238			839 189 238		476 102 680	476 102 680			789 474 952			
Measure 1.1. Investment in agricultural holdings	603 922 871	325 189 238	-	-	325 189 238	-	278 733 633	278 733 633	-	-	325 189 238	-	-	-
2004	141 088 633	75 970 802			75 970 802		65 117 831	65 117 831			75 970 802			
2005	201 607 922	108 558 112			108 558 112		93 049 810	93 049 810			108 558 112			
2006	261 226 316	140 660 324			140 660 324		120 565 992	120 565 992			140 660 324			
2004-2006	603 922 871	325 189 238			325 189 238		278 733 633	278 733 633			325 189 238			
Measure 1.2. Setting up of young farmers	173 333 333	130 000 000	-	-	130 000 000	-	43 333 333	43 333 333	-	-	-	-	-	-
2004	40 494 181	30 370 636			30 370 636		10 123 545	10 123 545						
2005	57 863 968	43 397 976			43 397 976		14 465 992	14 465 992						
2006	74 975 184	56 231 388			56 231 388		18 743 796	18 743 796						
2004-2006	173 333 333	130 000 000			130 000 000		43 333 333	43 333 333						
Measure 1.3. Training	20 000 000	16 000 000	-	-	16 000 000	-	4 000 000	4 000 000	-	-	-	-	-	-
2004	4 672 406	3 737 925			3 737 925		934 481	934 481						
2005	6 676 611	5 341 289			5 341 289		1 335 322	1 335 322						
2006	8 650 983	6 920 786			6 920 786		1 730 197	1 730 197						
2004-2006	20 000 000	16 000 000			16 000 000		4 000 000	4 000 000						
Measure 1.4. Agriculture advisory and extension service support	53 750 000	43 000 000	-	-	43 000 000	-	10 750 000	10 750 000	-	-	-	-	-	-
2004	12 557 090	10 045 672			10 045 672		2 511 418	2 511 418						
2005	17 943 394	14 354 715			14 354 715		3 588 679	3 588 679						
2006	23 249 516	18 599 613			18 599 613		4 649 903	4 649 903						
2004-2006	53 750 000	43 000 000			43 000 000		10 750 000	10 750 000						
Measure 1.5. Improving processing and marketing of agricultural products	464 285 714	325 000 000	-	-	325 000 000	-	139 285 714	139 285 714	-	-	464 285 714	-	-	-
2004	108 466 559	75 926 592			75 926 592		32 539 967	32 539 967			108 466 560			
2005	154 992 769	108 494 938			108 494 938		46 497 831	46 497 831			154 992 768			
2006	200 826 386	140 578 470			140 578 470		60 247 916	60 247 916			200 826 386			
2004-2006	464 285 714	325 000 000			325 000 000		139 285 714	139 285 714			464 285 714			

*The table relates to financial liabilities in EUR between 2004-2006.

Priority / measure / year	Public										Private	Cohesion Fund	National co-finance CF	EIB loans
	Total	Community contribution					National public contribution							
		Total	ERDF	ESF	EAGGF	FIFG	Total	State budget	Budgets of local governments	Other				
1=2+7	2=3+4+5+6	3	4	5	6	7=8+9+10	8	9	10	11	12	13	14	
Priority II Sustainable development of rural areas	444 857 143	335 500 000	-	-	335 500 000	-	109 357 143	86 857 143	22 500 000	-	155 857 143	-	-	-
2004	103 926 988	78 379 594			78 379 594		25 547 394	20 290 939	5 256 455		36 411 221			
2005	148 505 919	112 000 143			112 000 143		36 505 776	28 994 589	7 511 187		52 029 628			
2006	192 424 236	145 120 263			145 120 263		47 303 973	37 571 615	9 732 358		67 416 294			
2004-2006	444 857 143	335 500 000			335 500 000		109 357 143	86 857 143	22 500 000		155 857 143			
Measure 2.1. Restoring forestry production potential damaged by natural disaster or fire and introducing appropriate preventive measures	12 500 000	10 000 000	-	-	10 000 000	-	2 500 000	2 500 000	-	-	-	-	-	-
2004	2 920 254	2 336 203			2 336 203		584 051	584 051						
2005	4 172 881	3 338 305			3 338 305		834 576	834 576						
2006	5 406 865	4 325 492			4 325 492		1 081 373	1 081 373						
2004-2006	12 500 000	10 000 000			10 000 000		2 500 000	2 500 000						
Measure 2.2. Land reparation	21 250 000	17 000 000	-	-	17 000 000	-	4 250 000	4 250 000	-	-	-	-	-	-
2004	4 964 430	3 971 544			3 971 544		992 886	992 886						
2005	7 093 899	5 675 119			5 675 119		1 418 780	1 418 780						
2006	9 191 671	7 353 337			7 353 337		1 838 334	1 838 334						
2004-2006	21 250 000	17 000 000			17 000 000		4 250 000	4 250 000						
Measure 2.3. Rural renewal and the preservation and protection of cultural heritage	112 500 000	90 000 000	-	-	90 000 000	-	22 500 000	-	22 500 000	-	-	-	-	-
2004	26 282 277	21 025 822			21 025 822		5 256 455		5 256 455					
2005	37 555 935	30 044 748			30 044 748		7 511 187		7 511 187					
2006	48 661 788	38 929 430			38 929 430		9 732 358		9 732 358					
2004-2006	112 500 000	90 000 000			90 000 000		22 500 000		22 500 000					
Measure 2.4. Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes	107 142 857	75 000 000	-	-	75 000 000	-	32 142 857	32 142 857	-	-	107 142 857	-	-	-
2004	25 030 741	17 521 519			17 521 519		7 509 222	7 509 222			25 030 741			
2005	35 767 557	25 037 290			25 037 290		10 730 267	10 730 267			35 767 557			
2006	46 344 559	32 441 191			32 441 191		13 903 368	13 903 368			46 344 559			
2004-2006	107 142 857	75 000 000			75 000 000		32 142 857	32 142 857			107 142 857			
Measure 2.5. Agricultural water resources management	132 000 000	100 000 000	-	-	100 000 000	-	32 000 000	32 000 000	-	-	8 000 000	-	-	-
2004	30 837 225	23 362 025			23 362 025		7 475 200	7 475 200			1 868 800			
2005	44 064 653	33 383 053			33 383 053		10 681 600	10 681 600			2 670 400			
2006	57 098 122	43 254 922			43 254 922		13 843 200	13 843 200			3 460 800			
2004-2006	132 000 000	100 000 000			100 000 000		32 000 000	32 000 000			8 000 000			
Measure 2.6. Development and improvement of the infrastructure related to agriculture	40 714 286	28 500 000	-	-	28 500 000	-	12 214 286	12 214 286	-	-	40 714 286	-	-	-
2004	9 511 682	6 658 177			6 658 177		2 853 505	2 853 505			9 511 680			
2005	13 591 671	9 514 170			9 514 170		4 077 501	4 077 501			13 591 671			
2006	17 610 933	12 327 653			12 327 653		5 283 280	5 283 280			17 610 935			
2004-2006	40 714 286	28 500 000			28 500 000		12 214 286	12 214 286			40 714 286			

Priority / measure / year	Public										Private	Cohesion Fund	National co-finance CF	EIB loans
	Total	Community contribution					National public contribution							
		Total	ERDF	ESF	EAGGF	FIFG	Total	State budget	Budgets of local governments	Other				
1=2+7	2=3+4+5+6	3	4	5	6	7=8+9+10	8	9	10	11	12	13	14	
Measure 2.7. Leader+ type measure	18 750 000	15 000 000	-	-	15 000 000	-	3 750 000	3 750 000	-	-	-	-	-	
2004	4 380 379	3 504 304			3 504 304		876 075	876 075						
2005	6 259 323	5 007 458			5 007 458		1 251 865	1 251 865						
2006	8 110 298	6 488 238			6 488 238		1 622 060	1 622 060						
2004-2006	18 750 000	15 000 000			15 000 000		3 750 000	3 750 000						
Priority III Technical Assistance	24 000 000	18 000 000	-	-	18 000 000	-	6 000 000	6 000 000	-	-	-	-	-	
2004	5 606 884	4 205 163			4 205 163		1 401 721	1 401 721						
2005	8 011 928	6 008 946			6 008 946		2 002 982	2 002 982						
2006	10 381 188	7 785 891			7 785 891		2 595 297	2 595 297						
2004-2006	24 000 000	18 000 000			18 000 000		6 000 000	6 000 000						
Measure 3.1. Support for the SOP management and implementation system	10 529 760	7 897 320	-	-	7 897 320	-	2 632 440	2 632 440	-	-	-	-	-	
2004	2 459 964	1 844 973			1 844 973		614 991	614 991						
2005	3 515 153	2 636 365			2 636 365		878 788	878 788						
2006	4 554 643	3 415 982			3 415 982		1 138 661	1 138 661						
2004-2006	10 529 760	7 897 320			7 897 320		2 632 440	2 632 440						
Measure 3.2. Institutional development	4 963 200	3 722 400	-	-	3 722 400	-	1 240 800	1 240 800	-	-	-	-	-	
2004	1 159 504	869 628			869 628		289 876	289 876						
2005	1 656 867	1 242 650			1 242 650		414 217	414 217						
2006	2 146 829	1 610 122			1 610 122		536 707	536 707						
2004-2006	4 963 200	3 722 400			3 722 400		1 240 800	1 240 800						
Measure 3.3. Programme information and publicity	8 507 040	6 380 280	-	-	6 380 280	-	2 126 760	2 126 760	-	-	--	-	-	
2004	1 987 416	1 490 562			1 490 562		496 854	496 854						
2005	2 839 908	2 129 931			2 129 931		709 977	709 977						
2006	3 679 716	2 759 787			2 759 787		919 929	919 929						
2004-2006	8 507 040	6 380 280			6 380 280		2 126 760	2 126 760						
SOP Total (Priorities together)	1 784 149 061	1 192 689 238	-	-	1 192 689 238	-	591 459 823	568 959 823	22 500 000	-	945 332 095	-	-	
2004	416 812 741	278 636 384			278 636 384		138 176 357	132 919 902	5 256 455		220 848 583			
2005	595 602 511	398 156 119			398 156 119		197 446 392	189 935 205	7 511 187		315 580 508			
2006	771 733 809	515 896 735			515 896 735		255 837 074	246 104 716	9 732 358		408 903 004			
2004-2006	1 784 149 061	1 192 689 238			1 192 689 238		591 459 823	568 959 823	22 500 000		945 332 095			
Total connected with ERDF														
Total connected with ESF														
Total connected with EAGGF		1 192 689 238			1 192 689 238									
Total connected with FIFG														

Conversion of prices 2004 according to EC deflator = 1,130288298 Financial plans include only eligible costs (Reg. No. 448/2004/EC).

5 MEASURE IMPLEMENTATION SYSTEM

5.1. Basic principles for approving project implementation

Authorities responsible for particular project selection stages under SOP shall stick in particular to the following rules:

- 1) transparency – this is ensured by the eligibility and selection criteria previously defined and known to the beneficiaries, simple and transparent procedure of project selection, social partners involvement in the most important stages of project selection and the control of procedures,
- 2) impartiality – this is ensured by clearly defined access criteria and criteria of project selection,
- 3) quality – the SOP is implemented on the basis of contracts for project subsidies concluded with the authors of the projects guaranteeing the adequate quality of the projects submitted for evaluation. The project implementation process is monitored and controlled on the current basis, by the bodies and institutions established specially for this purpose,
- 4) effectiveness – institutions responsible for the SOP management and implementation shall monitor and control maximum effectiveness of the funds, in particular by approving the implementation only of the projects guaranteeing effective, reasonable, economical and justified use of funds.

De minimis rules (Reg. 69/2001/EC) or rules concerning training assistance (Reg. 68/2001/EC of 12 Jan. 2001 implementing Art. 87 and 88 of the EC Treaty in respect of training aid (OJ L 010 of 13.01.2001)^{*)} apply to certain types of projects listed in Annex 10.

5.2. Applications for aid

Procedures for applying for SOP assistance and specimen application forms are defined by separate provisions issued pursuant to Art. 28 (1) of the Ordinance of the Minister of Agriculture and Rural Development of 20 April 2004 on the National Development Plan.

5.3. Evaluation of the application for aid

Evaluation of the application for aid includes the following elements:

- 1) formal verification – related to the checking if the application is properly filled in and accompanied by a complete set of annexes and, if both printed and electronic version are submitted, checking the compliance of both versions.
- 2) substantial evaluation – allows to decide whether the proposed project can be subject to subsidy under the particular SOP Measure . Substantial evaluation concerns in particular:
 - a) conformity of the project with the purpose and the scope of aid defined for the particular Measure,
 - b) fulfillment of eligibility criteria defined for the particular Measure,
 - c) material and financial scope of the project, technical, economical, market assumptions or other project characteristics deciding of its effectiveness in relation to the SOP purposes depending on the Measure specificity.

The implementing institution shall carry out the evaluation of application for aid. In case of some Measures, the working groups of the SOP Steering Committees (Measure 2.7. **Leader +**

type measure, Priority III ‘Technical Assistance’) or independent experts (Measure 1.5. **‘Improving the processing and marketing of agricultural products’**) may participate in this evaluation.

The implementing institutions may, in order to confirm or complete the information having substantial impact on the final project evaluation, ask for additional documents or carry out an on-the-spot inspection on the site of the project implementation or in the applicant’s headquarters.

Under some of the SOP Measures projects are evaluated and compared according to the relevant selection criteria (provided for in Annex 8 hereto).

5.4. Contract for project co-financing

The acceptance of the project for implementation (granting aid) formally takes place when the contract for project co-financing is signed by the Implementing Institution and the beneficiary. When the contract is signed, the beneficiary can commence with the project implementation. It does not exclude the earlier preparation activities linked with project implementation. In case of Measures under Priority III *Technical assistance* the cost can be incurred during the period preceding the conclusion of the contract for project co-financing or making the decision or even before submission of the application for aid but not before January 1, 2004

In case of the Measure 2.5. **‘Agricultural water resources management’** the acceptance of the project for implementation takes place on the basis of the Voivodship Board’s decision. Projects proposed by the Implementing Institution under the Priority III **‘Technical Assistance’** measures shall be accepted by the decision of the Minister of Agriculture and Rural Development.

Models of the contracts for project implementation are defined by Art. 28 (2) of the Act of 20 April, 2004 on National Development Plan.

The contract shall be signed in the registered office of the Implementing Institution.

The contract between the Implementing Institution and the beneficiary³⁶ defines the rights and the obligations of the parties in relation to the project implementation. Implementing institution is obliged to co-finance the project providing that the beneficiary will implement the project in the specified schedule and scope, submit the relevant documents endorsing incurred expenses (except Measure 1.2. *‘Setting-up of young farmers’*) and meet the obligations resulting from the principles of granting the aid.

Implementing Institution

The contract also defines sanctions which will be imposed when irregularities in executing the contract by the beneficiary are detected.

³⁶ In case of *Technical assistance* projects, the beneficiary of which is the Agency for Restructuring and Modernisation of Agriculture, contracts are concluded between the Ministry of Agriculture and Rural Development as the Managing Authority and the Agency as the beneficiary.

The contract concluded with the Implementing Institution can be subject to modification at the request of any of the parties. Any modification of the terms of the contract must be made in writing in the form of an Amendment or else shall be deemed null and void.

5.5. Beneficiary commitments related to the project implementation

The contract defines the commitments of the beneficiary related **inter alia** to³⁷:

1. implementing the project in the scope and deadline foreseen by the contract,
2. providing documents on the project implementation,
3. enabling the implementing institution or other authorized bodies to carry out the document control or on-the-spot inspections,
4. maintaining and utilizing the project according to its purpose within five years,
5. storing all the documentation related to the project implementation within five years from the date of the last payment in relation to the project implementation.

The beneficiary may wholly or partially forfeit the right to support in the case of:

- 1) failure to start the implementation of the project till the moment of submitting the first claim for payment or resign from implementation of the project,
- 2) submission of counterfeit or untruthful documents, false or dishonest statements, substantially influencing the decision about granting aid,
- 3) failure to implement the project in the full scope or to achieve its objectives,
- 4) submission of counterfeit or untruthful documents, false or dishonest statements, influencing the payment,
- 5) use of the national or foreign funds distributed within other programmes or support instrument to implement the project or infringement the public aid rules,
- 6) infringement of public procurement rules,
- 7) failure to fulfill the commitments, stipulated in the contract, concerning the eligibility criteria for particular SOP measure,
- 8) infringement of beneficiary responsibilities with regard to maintaining and utilizing the project according to its purpose within five years from the date of the last payment in relation to the project implementation,
- 9) beneficiary fails to store all the documents related to the project implementation,
- 10) beneficiary refuses to be subjected to control by relevant services.

In the case of investment projects, one of the most important beneficiary's commitment includes ensuring that within a five-year period following the day of the last payment in relation to the implemented project, the project will be operating in compliance with the assumptions

Thus, within a five-year period following the project implementation, the beneficiary shall not:

- 1) sell (or hire, rent, lease, etc.) of the purchased goods or renovated or newly constructed buildings (structures),

³⁷ The beneficiary commitments may differ depending on the SOP Measure.

- 2) change the purpose of the purchased goods or renovated or newly constructed buildings (structures) or forbear to use them,
- 3) abandon or change location of activity for sake of which the project was implemented or conducting of which was a condition to obtain support.

In justified cases it may be possible that the beneficiary transfers the property right or possession of movable goods or real property covered by the project. The Implementing Institution shall accept performing such a transaction only if the property is transferred to an entity which fulfils the SOP requirements and takes over the beneficiary commitments.

It may also be possible to change the purpose of a part or the whole project if the new way of project exploitation (or a part thereof) does not infringe the purpose and the scope of the measure under which the project was being implemented.

However, if the infringement of the commitments results from the circumstances of **force majeure**, the beneficiary may be discharged of fulfilling this commitment by the implementing institution, or the commitment may be modified, displaced or suspended in time.

The discharging of commitments may be total or limited, depending on the type of commitment and the type of **force majeure**. If the project temporarily cannot operate in compliance with the primary assumptions due to the **force majeure**, the beneficiary shall be bound to agree on the way and the deadline of recovering its operation or repayment of a part or the total of the funds paid in relation to project implementation together with the implementing institution.

In every case when the provisions of the contract need to be modified because of **force majeure**, the beneficiary shall submit relevant written demand to the implementing institution, within 30 working days of the date of the occurrence of circumstances which make the commitment impossible to fulfill or of the date on which the farmer is in a position to do so.

Circumstances considered as a force majeure are listed in Annex No. 9 to the SOP Complement

5.6. Public procurement and selection of the service performers and goods providers within the projects

Depending on the type of beneficiary and the character of particular SOP Measures, it is foreseen that the obligation of executing public procurement, according to the Public Procurement Law of 29th January 2004, shall concern the following Measures:

- 1) 1.2. 'Training',
- 2) 1.5. 'Restoring forestry production potential damaged by natural disaster and fire and introducing appropriate prevention instruments',
- 3) 2.2. 'Land re-parcelling',
- 4) 2.3. 'Rural renewal and the preservation and protection of cultural heritage',
- 5) 2.5. 'Agricultural water resources management',
- 6) 2.7. 'Leader + type measure',

7) in the frames of Priority III ‘Technical Assistance’.

Public procurement procedure shall be carried out by the beneficiary after signing the contract for project co-financing or issuing decision on the project approval. Public procurement contracts concerning drawing up financial documentation within the so called general costs and certain Priority III ‘**Technical Assistance**’ projects constitute exceptions – the procurement may be conducted on the basis of the provisions of the public procurement law within a period preceding submission of the application and signing the contract (giving the decision).

The Managing Authority supervises the observance of the regulations by the beneficiary and it is authorized to delegate the tasks within this scope to the implementing institutions.

Within this supervision the representatives of the SOP Managing Authority or the implementing institutions have the right to: take part in the work of the Tender Committee as a member of the committee or observer, approve the tender specification before the announcement of the procedure as well as the contract concluded by the beneficiary with the contractor.

Therefore, the beneficiary is obliged to:

- 1) provide access as demanded to the descriptions and proofs of carrying out the procedures concerning awarding contracts and principles of conduct of the tender committee members, as well as a catalogue of sanctions for their infringement,
- 2) provide the implementing institution with information on opened procedures of awarding contracts,
- 3) provide the implementing institution with information on the result of the procedure of awarding contracts before the contract with the Contractor is concluded.

. The managing authority or implementing institution shall cooperate with the Public Procurement Office. This cooperation involves the following:

- 1) transfer of information on irregularities concerning the contract award procedures which occurred in the procedures, in which its representatives took part and on which the authority or institution obtained the information,
- 2) provision of access – on PPO’s demand – to documents and information on projects implemented with the EAGGF Guidance Section funds.

Beneficiaries other than described in the art. 3 indent 1 points 1-3 and 5 of The Public Procurement Law are obliged to apply the procedure based on above – mentioned law if individual order realized within the project exceeds the amount of 100 000 euro⁴⁰. In such case the beneficiary is obliged to insert the announcement on the procedure (offer) and to comply with the rules provided by the law: transparency, equal treatment and fair competition when selecting the most profitable offer

In this case the beneficiary is obliged to publish a tender announcement and to observe the principle of selecting the most beneficial offer in accordance with the rules provided for in the above mentioned Act, in particular as regards openness, equal treatment of the bidders and fair competition.

⁴⁰ This rule may concern beneficiaries of the measure **Improving Processing and marketing of agricultural products**.

In case of projects implemented under the Measures 1.1. '**Investment in agricultural holdings**', 1.5. '**Improvement of processing and marketing of agricultural products**', 2.4. '**Diversification of rural activity...**' and 2.6. '**Development and improvement of the rural infrastructure**' by private entities who are not obliged to abide by public procurement principles, the beneficiary is bound to justify the planned costs by presenting the offers. This obligation concerns:

- 1) the tasks⁴¹ of the projects implemented under *Measure 1.1. 'Investment in agricultural holdings'*, 2.4. '**Diversification of rural activity...**' and 2.6. '**Development and improvement of the rural infrastructure**' which exceed PLN 50,000.00, and
- 2) the tasks of the projects implemented under Measure 1.5. '**Improving processing and marketing of agricultural products**' which exceed PLN 100,000.00 and but the participation of public funds in the frames of the task does not exceed EUR 100,000.00.

The estimation of costs of such tasks within the project shall be done on the basis of the most profitable offer selected from at least three valid offers received on the basis of the invitation to tender directed to at least five providers. The invitation to tender shall include in particular:

- 1) description of the subject of procurement,
- 2) date of its execution and
- 3) description of the criteria to be followed by contract awarding entity while selecting an offer, as well as the importance of particular criteria for the selection.

Copies of invitations to tenders, offers and justification of the choice of the best one shall be submitted with the application for project co-financing by the applicant to the implementing institution. The obligation of justifying the costs planned under the project through presenting the offers for realization of the tasks foreseen under the project do not apply to constructing and modernization of buildings and the purchase of second hand equipment. . In justified case, when it results from adapted production technology or when the task concerns the purchase of the real estate, it is possible to present one offer.

5.7. Principles of project settlement and payment to the beneficiary

The aid granted under the Sectoral Operational Programme is allocated as a reimbursement of a part or of the whole eligible costs borne by the beneficiary for implementation of the project, or a payment of premium (under Measure 1.2. '**Setting up of young farmers**').

Funds allocated to the beneficiaries come from the EAGGF – Guidance Section and State budget. For the Measure 2.3. '**Rural renewal and the preservation and protection of cultural heritage**' public funds of the gminas – beneficiaries of the Measures or the funds allocated for this purpose by the Minister of Culture constitute the national funding of the project.

As of 2005 it will be possible to prefinance projects implemented by the beneficiaries – public finance sector units.. The pre-financing will be paid only from the national funds.

The basis for the reimbursement includes the contract for project co-financing/decision and the claim for payment. The claim for payment shall be submitted to the Implementing Institution in compliance with the schedule determined in the contract for project subsidy.

⁴¹ The task means delivery, work or service that is purchased from one deliverer / contractor. The delivery may cover either individual item or whole lot, work may cover one or more types of work, and service may cover one or more types of services. The task means also the functionally connected purchase of goods, services or works from one deliverer / contractor.

Premiums for beneficiaries under Measure 1.2. '**Setting up of young farmers**' shall be allocated as a single payment, according to the contract (the beneficiary does not submit a claim for payment).

Projects subject to aid under the Measures: 1.1. '**Investments in agricultural holdings**, 2.1. '**Restoring the forestry production potential ...**', 2.4. '**Diversification of rural activity...**' and 2.6. '**Development and improvement of technical infrastructure related to agriculture**' may be implemented in two stages, which means that the subsidies may be transferred in two payments, after each stage is completed.

In the Measure 2.3. '**Rural renewal and the preservation and protection of cultural heritage**' the project may be divided into maximum three stages, and in the case of Measure 1.5. '**Improving the Processing and marketing of agricultural products**' – into four stages. For the above-mentioned Measures the last payment shall not be lower than 25% of the total refund allocated for the project.

In Measure 2.7. '**Leader + type measure**' it is foreseen that the payments will be executed in stages, however an claim for payment must not state the amount lower than PLN 50, 000.00.

For other SOP Measures there are no special guidelines established concerning the way of drawing up the schedule of payments, this question is left to be defined by the announcements or contracts for subsidies, depending on the specificity of a particular project.

. Payment on behalf of the beneficiary is made based on claim for payment accompanied by attachments defining the amount of costs incurred, in particular documents confirming amount of the expenses incurred;

The exceptions are:

- Measure 1. 4. '**Support for agricultural advisory services**' - the payment is made on a flat rate basis, based on the rates determined in the contract for subsidy and the testified number and type of advisory services.
- Measure 1.2. '**Setting up of young farmers**' - payment is made in the form of premium that is not linked with the incurred expenses. Implementing institution shall carry out formal and accounting verification of claims for payment and verification of eligibility and compliance with the contract for project co-financing/decision of the costs borne by the beneficiaries.

Payments for the beneficiary are made by the ARMA, the final beneficiary. Payments are made only by transfer to the bank account, indicated by the beneficiary.

The project co-financed for given Measure must not be implemented by using other public funds, including (i.e. preferential credits or loans co-financed by public funds, subsidies, co-financing from structural funds under other operational programmes).

Therefore, it is forbidden to combine the financing from different sources to implement a given project, i.e. financing of adjustments in agricultural holdings based on lump payment aid under RDP *Adjustment of agricultural holdings to the EU standards* measure while implementing the same investments within Measure 1.1. *Investment in agricultural holding* or to modernize an agri-food processing plant based on a preferential credit and SOP funds.

However, the public funding granted to the beneficiary in relation with the implementation of other project (i.e. agri-environment commitment, other investment project) or payments which are not related to particular the investment project (e.g. payments under RDP including support for semi-subsistence farms), may be used as for the project implemented under SOP.

5.8. Reporting

Programme beneficiaries shall be bound to provide the Implementing Institution with reports on the project implementation.

The possibility of submitting progress reports (quarterly, six-months, annual) under the SOP; has not been provided for, except for the final reports on the project implementation which shall be required and submitted together with the last claim for payment.. In case of multi-stage projects the information on progress shall be available from the claims for payment submitted by the beneficiary.

Moreover, the beneficiaries of the following SOP Measures shall be bound to submit monitoring questionnaires on the basis of which the effects of the SOP implementation will be examined⁴².

1) *Measure 1.1. 'Investments in agricultural holdings':*

- a) natural person – shall submit the monitoring questionnaire on 31 January of the second calendar year counted from the year of receiving the last payment at the latest,
- b) legal entities – shall submit the monitoring questionnaire within 30 working days from the end of the financial year following the year of the last received payment,

2) *Measure 1.2. 'Setting-up of young farmers':*

Beneficiaries shall submit the monitoring questionnaire on 31 January of the fourth calendar year from the year of the last payment received at the latest;

3) **Measure 1.3. 'Training' and Measure 1.4. 'Supporting agricultural advisory and extension services.**

Beneficiaries submit a monitoring questionnaire by 31 March of the second calendar year following the year of receiving last payment.

4) **Measure 1.5. 'Improving processing and marketing of agricultural products':**

Beneficiaries shall submit the monitoring questionnaire within 30 working days from the end of the financial year following the year of the last received payment,

5) Measure 2.2.'Land re-parcelling' – beneficiaries submit a monitoring questionnaire by 30 January of the second calendar year of the year of receiving the last payment.

6) **Measure 2.4. 'Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes':**

- a) natural person – shall submit the monitoring questionnaire at the latest on 31 January of the second calendar year from the year of the last received payment,
- b) legal entity – shall submit the monitoring questionnaire within 30 working days from the end of the financial year following the year of the last received payment,

7) **Measure 2.5. 'Farm water resources management':**

⁴² Data , in a form of a questionnaire, shall be collected from the beneficiaries based on a given sample 1 year after project completion .

Beneficiary shall submit the monitoring questionnaire by 31 January of the second calendar year from the year of the last received payment at the latest,

CHAPTER 6. MONITORING SYSTEM OF THE PROGRAMME

SOP management, monitoring and evaluation will be supported with an electronic database – the IT System for Monitoring and Financial Control of the Structural Funds and the Cohesion Fund, (SIMIK).

The functions of SIMIK have been agreed with the European Commission and included in Chapter 6.3.4.5 entitled „Solutions for the collection, processing and electronic transmission of data” of SOP „Restructuring and Modernization of the Food Sector and Rural Development” SIMIK will allow electronic generation and transmission of the required reports on the SOP implementation to the European Commission.

The general rules of using SIMIK are agreed by authorities participating in the process of SOP implementation (the Paying Authority, the Managing Authority, the Implementing Institutions) by means of agreements which specify the rules of co-operation between those authorities as regards management, control, and the movement of funds.

SOP monitoring indicators for particular Measures are established taking into consideration common monitoring indicators recommended by the Commission for rural development programmes co-financed by EAGGF. Common set of monitoring indicators was supplemented by indicators specific for Polish Sectoral Operational Programme, especially – impact indicators.

The scope of monitoring for Sectoral Operational Programme Measures has been described below.

Measure 1.1. ‘Investment in agricultural holdings’

- 1) number and costs of the projects (total costs, total eligible costs, amount of public expenditure, amount of EAGGF contribution):
 - a) by type of production,
 - b) by the economic size,
 - c) by the type of investment,
 - d) the projects implemented by young farmers,
- 2) number of projects and amount of public expenditure by location of projects (by voivodships, LFAs)
- 3) number of completed projects:
 - a) by main objective of the project,
 - b) by sex and age of the beneficiaries,
- 4) area of the constructed or modernized buildings according to their type,
- 5) number of purchased mobile equipment by types,
- 6) number of purchased livestock by breed,
- 7) surface area intended for perennial plantations.

Impact indicators:

- 1) increase of sales value in the supported holdings,
- 2) increase of income in the supported holdings.

Measure 1.2. ‘Setting up of young farmers’

- 1) number and costs of projects (total costs, total eligible costs, amount of public expenditure, amount of EAGGF contribution) by type of holding production,
- 2) number of projects and amount of public expenditure by location of projects (by voivodships, by LFA),
- 3) number of projects by sex, age and education of the beneficiaries,
- 4) number of holdings taken over by economic size,
- 5) number of jobs in holdings covered by the support,
- 6) number of holdings, which meet the production hygiene, environment and animal welfare requirements thanks to the support.

Impact indicators:

- 1) the value of sales in the supported holdings,
- 2) income in the supported holdings.

Measure 1.3. ‘Training’

- 1) number and costs of the projects (total costs, total eligible costs, amount of public expenditure, amount of EAGGF contribution) by the training subject groups,
- 2) number of projects and amount of public expenditure by location of projects (by voivodships, by LFAs),
- 3) the average number of training days per one participant by the training subject groups,
- 4) number of participants of the training by sex and training subject groups.

Impact indicators:

- 1) number of participants, who commenced the implementation of the project under the SOP or the RDP, within one year of training completion by the training subject group,

Measure 1.4 ‘Agricultural advisory and extension service support’

- 1) number and costs of the projects (total costs, total eligible costs, amount of public expenditure, amount of EAGGF contribution) by types of beneficiaries (public – private) and by types of advisory services,
- 2) number of projects and amount of public expenditure by location of projects (by voivodships, by LFA),
- 3) number of ultimate beneficiaries by types of advisory services and by type of sex.

Impact indicators

- 1) number of ultimate beneficiaries who within a year from receiving advisory support obtained funds under SOP Measures, CAP or RDP – by types of advisory services,

Measure 1.5. ‘Improving processing and marketing of agricultural products’

- 1) number and costs of projects (total costs, total eligible costs, amount of public expenditure, amount of EAGGF contribution):
 - a) by sector (of product),
 - b) by type of investment,
- 2) number of projects and amount of public expenditure by location of projects (by voivodships, by LFAs),
- 3) number of plants that have made structural adjustments by processing sector,
- 4) the value of sales in plants supported in the programme (by processing sectors).

Impact indicators:

- 1) increase of sales value in plants supported in the programme (by production sector),
- 2) the share of plants that have made structural adjustments under the programme in the total number of plants that have made structural adjustments.

Measure 2.1. ‘Restoring forestry production potential damaged by natural disaster and/or fire and introducing appropriate preventive measures’

- 1) number and costs of the projects (total costs, total eligible costs, amount of public expenditure, amount of EAGGF contribution),
- 2) number of projects and amount of public expenditure by location of projects (by voivodships, by LFA),
- 3) area of restored or developed private and state forests or forests covered by the activities under the Measure.

Impact indicators: change of the percentage of restored forest area in relation to the total damaged forest area covered by the measure.

Measure 2.2. ‘Land re-parcelling’

- 1) number and costs of the projects (total costs, total eligible costs, amount of public expenditure, amount of EAGGF contribution),
- 2) number of projects and amount of public expenditure by location of projects (by voivodships, by LFAs),
- 3) the value of completed post re-parcelling development work,
- 4) the total area of land re-parcelled,
- 5) the average area of re-parcelled agricultural holding,
- 6) the average area of land re-parcelled within one project,
- 7) the average number of agricultural plots in an agricultural holding before and after re-parcelling,
- 8) the average number of agricultural holdings within one re-parcelling project.

Impact indicators:

the indicator of reduction of the number of plots for projects implemented under the measure.

Measure 2.3. ‘Rural renewal and the preservation and protection of cultural heritage’

- 1) number and costs of the projects (total costs, total eligible costs, amount of public expenditure, amount of EAGGF contribution) by projects category:
 - a) rural renewal,
 - b) preservation and protection of rural cultural heritage,
- 2) number of projects and amount of public expenditure by location of projects (by voivodships, by LFAs).

Impact indicators:

the change in the unemployment rate in the gminas as a result of implementation of the Measure.

Measure 2.4. ‘Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes’

- 1) number and costs of the projects (total costs, total eligible costs, amount of public expenditure, amount of EAGGF contribution):
 - a) by projects category,
 - b) by the groups of economic size of the holdings,
- 2) number of projects and amount of public expenditure by location of projects (by voivodships, by LFA),
- 3) number of beneficiaries by sex within each of projects category,
- 4) number of jobs created or preserved by the projects category.

Impact indicators:

increase of annual income from additional activities in holdings provided with the support.

Measure 2.5. ‘Agricultural water resources management’

- 1) number and costs of the projects (total costs, total eligible costs, amount of public expenditure, amount of EAGGF contribution) by investment category:
 - a) basic land improvement,
 - b) specific land improvement,
 - c) the comprehensive projects including basic land improvement and specific land improvement,
- 2) number of projects and amount of public expenditure by location of projects (by voivodships, by LFAs),
- 3) the area covered by new investments on the scope of specific land improvement, modernization of specific land improvement in division on:
 - a) grasslands,
 - b) arable land,
- 4) physical effects of investments within the basic land improvement.

Impact indicators:

the average yields in agricultural holdings covered by the project (as compared to the year preceding the project implementation).

Measure 2.6. ‘Development and improvement of the infrastructure related to agriculture’

- 1) number and costs of the projects (total costs, total eligible costs, amount of public expenditure, amount of EAGGF contribution) by type of projects,
- 2) number of projects and amount of public expenditure by location of projects (by voivodships, by LFAs),
- 3) number of modernized or constructed infrastructure equipments by type of infrastructure elements,
- 4) number of holdings with improved access to infrastructure by the type of modernized or constructed infrastructure elements under the Measure.

Impact indicators:

number of rural inhabitants directly benefiting from the project implementation.

Measure 2.7. ‘Leader + type measure’

Scheme I – Acquisition of skills:

- 1) number and costs of the projects (total costs, total eligible costs, amount of public expenditure, amount of EAGGF) by the beneficiaries,

- 2) number of projects and amount of public expenditure by location of projects (by voivodships, by LFA),
- 3) the costs of the projects (total costs, total eligible costs, amount of public expenditure, amount of EAGGF) by category costs:
 - a) information, promotional and training activities,
 - b) support of rural areas development strategy preparation (analyses, expertise etc.),
 - c) advisory support,
- 4) number of gminas supported under the Scheme I,
- 5) number of populations on the projects areas under the Scheme I.

Impact indicators:

number of gminas - beneficiaries of Scheme I, which qualified as beneficiaries of Scheme II in relation to number of beneficiary gminas of Scheme II.

Scheme II –Integrated strategies and inter-teritorial and transnational cooperation actions:

- 1) number and costs of the projects (total costs, total eligible costs, amount of public expenditure, amount of EAGGF contribution),
- 2) number of projects and amount of public expenditure by location of projects (by voivodships, by LFA),
- 3) the costs of the projects (total costs, total eligible costs, amount of public expenditure, amount of EAGGF) by category costs:
 - a) information, promotional and training activities,
 - b) analyses, expertise etc.,
 - c) advisory support,
 - d) purchase of IT equipments,
 - e) operational costs,
 - f) cooperation and exchange of experience between LAGs (on the national and international level),
- 4) number and costs of the projects (total costs, total eligible costs, amount of public expenditure, amount of EAGGF contribution) by number of population groups supported under the project,
- 5) number of Local Action Groups:
 - a) by women participation in decision making body,
 - b) by socio-economic partners participation,
- 6) number of gminas and populations supported under the Scheme II.

Impact indicators:

regulated LAG’s effectiveness indicators calculated for selected SOP and IROP activities:

E1	Regulated effectiveness indicator of LAG’s activity within Measure 2.3. ‘ Rural renewal and preservation of cultural heritage ’ in SOP
E2	Regulated effectiveness indicator of LAG’s activity within the Development of Rural Areas Measure in the Integrated Rural Development Strategy
E3	Regulated effectiveness indicator of LAG’s activity within the Tourism and Culture Measure in the Integrated Rural Development Strategy
E4	Regulated effectiveness indicator of LAG’s activity within the Micro-enterprises Measure in the Integrated Rural Development Strategy

The above indicators are calculated after the completion of the SOP implementation. Each of these indicators is calculated as a product of project implementation total costs percentage participation within the framework of a given Measure in the area encompassed by LAG's operation in relation to total costs of implemented of this measure in Poland by % participation of rural population living in areas encompassed by LAG Measure in relation to rural population nationwide.

Measure 3 'Technical Assistance':

Measure 3.1. 'Support for the programme management and implementation system'

- 1) number and costs of the projects (total eligible costs, amount of public expenditure, amount of EAGGF contribution) by type of projects,
- 2) number and costs (total eligible costs, amount of public expenditure, amount of EAGGF contribution) of:
 - a) Monitoring Committee meetings,
 - b) Monitoring Committee sub-committee/working groups meetings,
 - c) Programme Steering Committee meetings,
 - d) Regional Steering Committees meetings
 - e) reviews, analyses, studies financed within the measure,
 - f) audits,
 - g) inspections,
 - h) permanent posts co-financed under Technical Assistance.

Measure 3.2. 'Institutional Development'

- 1) number and costs of the projects (total eligible costs, amount of public expenditure, amount of EAGGF contribution) by type of projects,
- 2) number and costs (total eligible costs, amount of public expenditure, amount of EAGGF contribution) of:
 - a) training courses, seminars, workshops,
 - b) computer sets,
 - c) ob training and study visits,
 - d) computer systems,
 - e) conducted evaluations.

Measure 3.3. 'SOP information and publicity'

- 1) number and costs of the projects (total eligible costs, amount of public expenditure, amount of EAGGF contribution) by type of projects,
- 2) number and costs (total eligible costs, amount of public expenditure, amount of EAGGF contribution) of:
 - a) conferences, informative – promotional meetings,
 - b) printed documents and informative or promotional materials,
 - c) billboards and information signs made,
 - d) conferences, seminars and meetings concerning an operational programme for next programming period,
 - e) media promotion activities by a type of media, Number of conference, informative-promotional meeting participants.

- 3) Number of participants of conferences, seminars, promotional and informative meetings.

CHAPTER 7. SOP INFORMATION AND PUBLICITY

7.1. Information and Publicity strategy for the Sectoral Operational Programme

The information and publicity strategy for the Sectoral Operational Programme (SOP) „Restructuring and Modernization of the Food Sector and Rural Development” has been developed in accordance with the criteria of the plan of information measures, as laid down in Commission Regulation (EC) No 1159/2000.

As the Managing Authority for the Sectoral Operational Programme „Restructuring and Modernization of the Food Sector and Rural Development”, the Minister of Agriculture and Rural Development is to ensure information and publicity measures in this respect and to monitor them. The basis for these measures are Articles 34 and 46 of Commission Regulation (EC) No 1260/1999 and the guidelines set out in Commission Regulation (EC) No 1159/2000.

Information and publicity measures taken within the framework of the strategy will be aimed at the transfer of knowledge of the Sectoral Operational Programme. Furthermore, the measures are to make the general public aware of the role and contribution of the EU into structural assistance for Poland. Measures to be taken will also concern the preparation and transfer of information to the institutions engaged in SOP implementation, in order to communicate the interpretation of rules pertaining to the programme and to inform them about the progress of the programme implementation on a current basis.

7.2. Objectives of information and publicity measures

Objectives of information and publicity measures include:

- 1) disseminating information among the parties interested by means of a wide-ranging and intense information campaign,
- 2) ensuring the greatest possible number of the people interested constant possibilities of obtaining information on SOP,
- 3) providing permanent and direct access to detailed information on the possibilities and rules for granting aid,

7.3. Recipients of information and publicity measures

Information and publicity measures were initiated during preparations for SOP implementation and they will be continued throughout SOP implementation. The measures are addressed to:

- 1) potential beneficiaries of the Sectoral Operational Programme,
- 2) social partners,
- 3) authorities which are directly or indirectly engaged in implementing the Sectoral Operational Programme,

- 4) the general public with regard to informing about the participation of the Structural Funds in financing the policy of agricultural and rural development.

7.4. Geographical range

Information and publicity measures cover the whole area of the country. The Minister of Agriculture and Rural Development coordinates, supervises and monitors information and publicity measures taken at the central level and at the implementing institutions level.

7.5. Forms and scope of information and publicity measures

Information and publicity measures will be carried out at two levels:

1) provision of general information on Sectoral Operational Programme and on the progress in its implementation.

Measures in this respect are taken and supervised directly by the Minister of Agriculture and Rural Development as the Managing Authority.. The recipients of these measures include mass media, socio-professional organisations, including farmers and agricultural producers' trade unions, farmers' organisations, agricultural secondary schools and universities as well as direct aid recipients: farmers, inhabitants of rural areas. The measures taken are to ensure access to the general knowledge concerning the assistance from the EU Structural Funds for Poland as well as the rules and procedures for applying for aid within the framework of individual measures.

Forms of communication:

a) information and publicity conferences and seminars

It is planned to hold information conferences and seminars during which SOP measures and information on the SOP implementation system will be presented. In addition, information material (printed and on electronic media, i.e. CD-ROMs) about the principles of the SOP functioning will be distributed at these conferences and seminars.

b) publication of information material

Information measures will include the elaboration and publication of brochures with information about the Sectoral Operational Programme. The Ministry of Agriculture and Rural Development will also publish information material on the progress in the programme implementation.

c) materials published on web sites

The Internet portal of the Ministry of Agriculture and Rural Development (www.minrol.gov.pl) contains websites on the Sectoral Operational Programme „Restructuring and Modernization of the Food Sector and Rural Development”. The up-to-date information about the programme, e.g. draft programming documents (for the SOP and the SOP Complement), have been provided on these websites since mid-2003. The site also contains detailed information material for beneficiaries, including rules of application for aid, application forms and other documents. The web sites are regularly updated. Launching of a site with the answers to the most frequently asked questions (FAQ) is under consideration.

Moreover, a generator of applications will be placed on the MARD website to be used by potential beneficiaries.

d) information desk

, A contact point has been established Within the Department of Rural Areas Development at MARD. Its tasks include providing information on a current basis by responding to written enquires and direct (e-mail) contact with potential aid beneficiaries, and people who want to obtain information on the Sectoral Operational Programme.

e) cooperation with the media

Mass media will be included in the measures aimed at informing the public about the SOP. With the greatest coverage, the television and radio are capable of communicating information on the SOP both in general information programmes and broadcasts directed at farmers and inhabitants of rural areas.. In the framework of cooperation it is also planned to communicate information through press conferences.

f) publicity of the SOP during nation-wide and local events devoted to agriculture and rural areas

The Managing Authority shall take an active part in arranging, at national, regional and local levels, various events including fairs, conferences, conventions devoted to the development of agriculture and rural areas. On those occasions the current information on the Sectoral Operational Programme will be communicated.

2. Detailed information on the type and scope of aid addressed directly to potential aid beneficiaries. Information measures in this respect will be carried out by the Implementing Institutions (ARMA, FAPA and Marshal Offices).

Each implementing institution within the framework of SOP is responsible for communicating detailed information on the Measures it is in charge of to aid beneficiaries. Information is communicated by means of:

a) Printed information material

Implementing institutions shall prepare SOP information, including description of actions together with principles of aid allocation; detailed information about SOP shall be published in information brochures to be available in institutions implementing particular SOP Measures..

b) Direct information

The Implementing Institutions will take part in communicating general information on the SOP. These authorities will also be responsible for servicing persons/entities interested in participating in the SOP. The Implementing Institutions will explain in detail the terms and conditions for participating in the programme, and give specific instructions regarding the aid application procedure. These measures will be implemented by means of direct contact with clients at information desks, telephone conversations (including infolines) or provision of explanations in writing.

c) Information seminars

The Implementing Institutions will organise information seminars for potential beneficiaries of the SOP Measures. Such training will aim at familiarising potential beneficiaries with the rules, procedures and requirements for submitting applications for financial assistance.

d) Materials published on websites

Each Implementing Institution will set up an appropriate information service devoted to SOP Measures implemented by this authority. This service should contain detailed information on the measures, and specimens of application forms and other documents that beneficiaries need to apply for aid.

e) Cooperation with the media

Measures will be taken in order to communicate detailed information about the SOP to regional and local media..

f) Production and distribution of commemorative plaques

The Implementing Institutions will prepare commemorative plaques which will be distributed among aid beneficiaries, in order to visualise the support of the Community by placing the plaques at sites where projects are implemented. The plaques will be produced and distributed in accordance with Commission Regulation (EC) 1159/2000.

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Implementing Institution for Measures: 1.1.*Investment in agricultural holdings*, 1.2.*Setting up of young farmers*, 1.5 *Improving processing and marketing of agricultural products*, 2.1.*Restoring forestry production potential damaged by natural disaster and/or fire and introducing appropriate preventive measures*, 2.4 *Diversification of agricultural activities and activities close to agriculture activities to provide multiple activities or alternative incomes*, 2.6 *Development and improvement of the technical infrastructure related to agriculture*, and measures in the frames of Priority 3 *Technical assistance*.

Institution	Address, telephone and fax number	Website
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Lubuski Regional Office of ARMA	ul. Jagiellończyka 8 66-400 Gorzów Wlkp. tel. +48 95 722-76-47 fax. +48 95 722-76-48	www.arimr.gov.pl
Łódzki Regional Office of ARMA	Al. J. Piłsudskiego 84 92-202 Łódź tel. +48 42 675-67-10 fax. +48 42 674-60-92	www.arimr.gov.pl
Małopolski Regional Office of ARMA	ul. Lubisz 25 31-503 Kraków	www.arimr.gov.pl

	tel. +48 12 619-72-57 fax. +48 12 619-72-68	
Mazowiecki Regional Office of ARMA	Al. Jana Pawła II 80 00-175 Warszawa tel. +48 22 536-57-06 fax. +48 22 435 49 05	www.arimr.gov.pl
Opolski Regional Office of ARMA	ul. Wrocławska 170 G 45-836 Opole tel. +48 77 401-84-00 fax. +48 77 457-45-23	www.arimr.gov.pl
Podkarpacki Regional Office of ARMA	ul. Lubelska 46 35-233 Rzeszów tel. +48 17 875-60-00 fax. +48 17 864-25-50	www.arimr.gov.pl
Podlaski Regional Office of ARMA	ul. Kombatantów 7 15-110 Białystok tel. +48 85 654-47-35, -36 fax. +48 85 654-47-37	www.arimr.gov.pl
Pomorski Regional Office of ARMA	ul. Kołtąja 1 81-332 Gdynia tel. +48 58 669-68-41 fax. +48 58 669-68-44	www.arimr.gov.pl
Śląski Regional Office of ARMA	ul. J. Sobieskiego 7 42-200 Częstochowa tel. +48 34 324-38-77 fax. +48 34 324-94-28	www.arimr.gov.pl
Świętokrzyski Regional Office of ARMA	ul. Warszawska 430 25-414 Kielce tel.(041) 349-09-10 fax.(041) 332-84-02	www.arimr.gov.pl
Warmińsko - Mazurski Regional Office of ARMA	ul. Św. Wojciecha 2/10 10-038 Olsztyn tel. +48 89 522-98-11 fax. +48 89 522-98-01	www.arimr.gov.pl

Wielkopolski Regional Office of ARMA	ul. Strzeszyńska 36 60-479 Poznań tel. +48 61 845-56 60 fax. +48 61 840-0693	www.arimr.gov.pl
Zachodniopomorski Regional Office of ARMA	ul. Szafera 10 71-245 Szczecin tel. +48 91 469-84-01 fax. +48 91 469-47-63	www.arimr.gov.pl

Implementing Institutions for Measures: 2.2. *Land re-parcelling*, 2.5 *Agricultural water resources management*, 2.3 *Rural renewal and the preservation and protection of cultural heritage*

Institution	Address ,telefon and fax number	Webpage
Marshal Office- Dolnośląskie Voivodeship Department of Regional Development	ul. Wybrzeże J. Słowackiego 12-14 50-411 Wrocław tel. 47 71 37 49 350/37 49 404 fax: 48 71 37 49 365	www.umwd.pl
Marshal Office Kujawsko- Pomorskie Voivodeship Department of Agriculture and Activation of Rural Areas	ul. Plac Teatralny 2 87-100 Toruń tel. (056) 62 18 344	www.kujawsko- pomorskie.pl

Marshal Office Lubelskie Voivodeship Voivodship Bureau for World Bank Project Implementation	ul. Spokojna 4, 20-074 Lublin tel.+58 81 441 25 22 fax.+48 81 441 25 20	www.lubelskie.pl
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Marshall Orfice Lubuskie Voivodeship	ul. Podgórna 7 65-057 Zielona Góra tel.+48 68 456 52 00 tel. +48 68 326 35 00 +48 68 456 54 48 fax. +48 68 456 54 14	www.lubuskie.pl
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Marshall Office Łódzkie Voivodeship Department of Rural Development and Environmental Protection	ul. Sienkiewicza 3 90-113 Łódź	www.lodzkie.pl
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Implementation of Accession Funds for Rural Development Unit	tel.+48 42 636 72 11 ext. 263 fax.+48 42 630 90 62	
Marshal Office Małopolskie Voivodeship Department of Agriculture and Modernization of Rural Areas Rural Development Division	ul. Basztowa 22 31-56 Kraków tel. +48 12 616 01 24 fax.+48 12 630 31 26 tel. +48 12 299 07 00	www.malopolskie.pl
Marshal Office Mazowieckie Voivodeship Department of Agriculture and Modernisation of Rural Areas	ul. Brechta 3 03-472 Warszawa tel.+48 22 597 91 12 fax.+48 22 597 91 60	www.mazovia.pl
Marshal Office Opolskie Voivodeship Department of Rural Development Agriculture and Rural Development Unit Structural Funds Unit	ul. Piastowska 14, 45-082 Opole tel.+48 77 452 46 04 fax.+48 77 452 48 31 tel.+48 77 452 43 50 fax.+48 77 452 48 31	www.umwo.opole.pl
Marshal Office Podkarpackie Voivodeship Department of Agriculture and Environment SOP Division	ul. Grunwaldzka 15 35-959 Rzeszów tel.+48 17 860 67 10 860 67 43 860 17 27 fax.+48 17 860 67 11	www.podkarpackie.pl
Marshal Office Podlaskie Voivodeship Division of Regional Agricultural Policy and Structural Funds Department of Agriculture, Environment Protection, Property and Land Surveying	ul. Legionowa 28 15-281 Białystok tel.+48 85 74 85 184 fax.+48 85 7 860 67 1	www.umwp-podlasie.pl
Marshal Office Pomorskie Voivodeship	ul. Okopowa 21/27 80-810 Gdańsk	www.woj-pomorskie.pl

SOP Bureau (BSPO)	tel.+48 58 32 61 676 fax.+48 58 307 73 06	
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Marshal Office Warmińsko-Mazurskie Voivodeship, Department of Rural Development and Agriculture	ul. Emilii Plater 1 10-575 Olsztyn tel. +48 89 533 40 96 +48 89 523 26 19	www.warmia.mazury.pl
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Marshal Office Wielkopolskie Voivodeship Department of Regional Development Programme Coordination and Implementation Division	ul. Piekary 17 61-823 Poznań tel.+48 61 8557750 fax.+48 61 85 57 750	www.warmia.mazury.pl
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Marshal Office Śląskie Voivodeship Structural Funds and Development Programming of Division	ul. Ligonia 46 40-037 Katowice tel.+48 32 207 83 79 fax.+48 32 207 83 78	www.silesia-region.pl
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Marshal Office Świętokrzyskie Voivodeship Department of Rural Development and Property.	Al. IX Wieków Kielce 3 25-516 Kielce tel.+48 41 342 1875 fax.+48 41 344 40 88	www.sejmik.kielce.pl
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Marshal Office Zachodniopomorskie Voivodeship Department of European Integration	ul. Korsarzy 34, 70-540 Szczecin tel.+48 91 430 35 93 fax.+48 91 434 03 13	www.um- zachodniopomorskie.pl
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Implementing Institution for Measures: 1.3. *Training*, 1.4 *Support for agricultural advisory services*, 2.7 *Leader+ pilot programme*

Foundation of Assistance Programmes for Agriculture (FAPA)	ul. Wspólna 30 00-930 Warszawa tel.+48 22 623 15 15	www.fapa.com.pl
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Annexes to the Complement to the Sectoral Operational Programme ‘Restructuring and Modernization of the Food Sector and Rural Development 2004-2006’

Annex No. 1. Eligibility of the project costs under SOP

Definition

The term **eligible costs**, means project implementation costs that may be co-financed under the SOP.

Cost eligibility period under the SOP

Cost eligibility period under SOP **Restructuring and Modernization of the Food Sector and Rural Development** covers the period from 2004 to 2008.

Costs (expenses) incurred after the contract for project co-financing between the beneficiary and the implementing institution is concluded or after the decision on approving the project for implementation is issued are considered eligible for project co-financing.

Some general costs concerning the preparation of projects or necessary documentation, such as the costs relating to:

- 1) preparation of the technical documentation,
- 2) preparation of the economic documentation: cost calculations, economic analyses, business plans, market analyses, marketing analyses,
- 3) certificates, licences, fees and any documents needed to acquire the aforementioned,
- 4) geodesy services,
- 5) project management services,
- 6) patents and licences purchase,
- 7) costs incurred as a result of implementing projects within Priority III 'Technical assistance'

- may be deemed eligible expenses when incurred in the period preceeding the conclusion of the agreement or issuing the decision or even prior to the date of submitting aid application, but not earlier than 1 January, 2004 or in the case of costs to which Public Procurement Law of 29 January, 2004 applies on the day of its entry into force, i.e. 2 March, 2004.

.The scope of eligible costs under particular SOP Measures

Measure 1.1.' Investments in agricultural holdings'

Eligible costs of the project may comprise:

- 1) construction, renovation combined with modernization of buildings or structures utilized for agricultural production and for storing and warehousing of agricultural products along with the purchase and assembly of technical installations and equipment,
- 2) the purchase or installation of machines, equipment or tools for agricultural production, storage, preparation of agricultural products for sale, including the costs of purchase or installation of: machines and equipment for crop cultivation, protection and fertilization as well as harvesting, tractors, machines or equipment serving to prepare, store, clean, sort and package agricultural products, machines and equipment for preparation or storage of animal feed, machines and equipment for watering and feeding animals, equipment for

acquiring and storage of milk, the disposal and storage of manure, as well as equipment necessary for maintaining sanitary and hygiene production conditions,

- 3) the purchase of farm land alone or together with plantings or buildings or structures in part constituting no more than 10% of the eligible project costs defined in points: 1,2,4,5,6,7,8,9⁴³, whereby the 10% limit relates to the cost of land only;
- 4) the purchase of buildings or structures strictly relating to the project objectives in part constituting no more than 50% of the eligible project cost defined in points:1,2,5,6,7,8,9. The said purchase of buildings or structures is not subject to co-financing if the price of the above was higher than the market price. Purchase of residential buildings is not subject to co-financing⁴⁴,
- 5) the establishment of orchards or perennial plantations, exclusively covering the purchase of certified plant material, equipment, that is plant supporting structures as well as foil or agri-cloth for mulching and the costs of fencing newly-established orchards or plantations,
- 6) the equipping of pastures: fencing, construction of animal shelters, purchase and installation of equipment for watering animals and the construction of water intakes or water supply connection,
- 7) the purchase of breeding livestock (basic herd) – breeding individuals belonging to farm species as defined in the **Organisation of Raising and Breeding of Farm Livestock**⁴⁵ Act of 20 August, 1997 (Journal of Laws of 2002 No. 207, item 1762, as amended),
- 8) the construction, purchase and installation of crop irrigation equipment – pressure irrigation systems together with water intakes as well as sprinkling equipment, protecting plants against frost,
- 9) the purchase, installation and construction of environmental protection equipment (projects related to animal manure storage, waste disposal, washing and cleaning of farm equipment) and equipment related to improving animal welfare and raising agricultural production hygiene standards,
- 10) general costs pertaining to the preparation and implementation of the project, up to the amount of 12% of other eligible project costs described in points 1 - 9, including:
 - a) preparation of technical documents,
 - b) preparation of economic documents: cost estimates, economic analyses, business plans, market analyses, marketing analyses,
 - c) certificates, permits, payments and any documents necessary to obtain such,
 - d) urban, architectural and construction supervision,
 - e) land survey services,
 - f) project management services,
 - g) acquisition of patents and licenses.

Costs of preparation of application for projects co-financing and undertakings projects are not deemed eligible costs if if the beneficiary used free of charge advisory assistance, provided by the advisory institution supported under Measure 1.4. *Agricultural advisory and extension services support*.

⁴³ other rules of eligibility of farm land purchase are described herein in the section concerning the rules for certain costs eligibility in point 3

⁴⁴ other rules of eligibility of building purchase are described herein in the section concerning the rules for certain costs eligibility in point 4.

⁴⁵

Eligibility rules for purchase of second hand machinery, equipment or tools are described below in this Annex in the section concerning the rules of certain costs eligibility, point 2.

Measure 1.3. 'Training'

Eligible costs of the project may comprise:

- 1) project preparation and implementation costs:
 - a) recruitment of training participants,
 - b) didactic material purchase,
 - c) devising and distribution of training materials,
 - d) rental of training facilities,
 - e) lecturers' fee,
 - f) travel, accommodations and board for training lecturers and participants,
 - g) necessary translations/interpreting services for training purposes,
- 2) costs of purchase of educational and other equipment necessary to implement the training project to the amount of 20% of other eligible costs described in point 1,

The costs of purchase of educational and other equipment may be eligible only for one training project conducted by the beneficiary during the SOP implementation period.

3) operational costs of project service and management and especially the following costs:

- a) employment of project manager,
 - b) employment of project-dedicated administrative staff,
 - c) office materials,
 - d) telecommunication services,
 - e) power supply,
 - f) bookkeeping services,
 - g) project-related business trips,
- to the amount of 10% of other eligible costs described in point 1.

Measure 1.5. 'Improvement of processing and marketing of agricultural products'

A. The scope of projects eligible costs regarding construction or modernization of production plants or agriculture product wholesale infrastructure, may comprise the following:

- 1) the construction or renovation combined with modernization of buildings or structures (together with the infrastructure): of production, laboratory control, storage, social facilities or for running a wholesale trade,
- 2) the purchase or installation of machines and equipment for storage or preparation of the agriculture products to the processing, ensuring quality and food safety,
- 3) the purchase or installation of machines or equipment for agricultural products processing,
- 4) the purchase or installation of machines or equipment for storing products or half-products and preparing them for sale,
- 5) the purchase of measurement and production control equipment and equipment for steering the production or warehousing process including software,

6) the purchase of special means of transport necessary for an efficient technological process or warehousing administration in the company,

7) the purchase of specialized means of transport necessary for deliveries of raw material or sale ready products ensuring food safety and animal welfare conditions,

B. Environmental protection investments bringing a measurable ecological results the cost of which encompass the following:

1) construction or modernization of sewage treatment plant along with a sewage network pipeline,

2) construction or modernization of boiler house,

General costs, i.e. costs pertaining to the preparation and project implementation encompassing the following:

1) preparation of technical documentation,

2) preparation of economic documentation: cost estimates, economic analyses, business plans, market analyses, marketing analyses,

3) obtaining certificates, permits as well as all other documentation pertaining to the project,

4) urban, architectural and construction supervision relating to project implementation,

5) land survey services,

6) project management services,

7) obtaining patents and licenses

are considered eligible costs up to 12% of other eligible project costs described under A and B.

The following items are excluded from support under the Measure, in particular:

1) the cost of purchase of land and real estate,

2) the cost of purchase of passenger cars or employee means of transportation,

3) the cost of purchasing office machines and equipment,

4) the costs of loans, leasing, perpetual lease, land tax and value added tax (VAT),

Measure 2.1. 'Restoring forestry production potential damaged by natural disaster and/or fire and introducing appropriate preventive measures'.

Eligible costs of the project may comprise:

1) obtaining, collection, purchase of seedlings, pine cones and forest fruit including shelling of the said reproduction seed materials,

2) storing, adaptation and stratification of seeds,

3) implementation of seed and self-preserving trees,

4) production and purchase of seedlings,

- 5) agro-technical melioration,
- 6) preparation of the soil for forest renewal,
- 7) renewal and rearrangement of forest areas,
- 8) running improvements and supplements,
- 9) care of crops, young plants and trees,
- 10) inventory and protection of natural resources, including the implementation of environmental protection plans in forestry divisions,
- 11) construction and modernization of forest nursery facilities as well as the purchase of nursery machines and equipment,
- 12) construction and modernization of recreational and tourism implementation elements,
- 13) construction and modernization of an education infrastructure,
- 14) the purchase of machines and equipment for implementing, renewing and protection of forests,
- 15) protection of forests against harmful biotic factors,
- 16) protection of biological diversity,
- 17) construction and modernization of technological and fire prevention roads as well as the entire road infrastructure to enable access and protection of forest complexes,
- 18) construction and modernization of fire prevention infrastructure as well as the purchase of equipment, machines and vehicles with the objective of fire prevention protection,

Group B Forestry Inspectorates (Maskulińskie, Gołdap, Olecko, Spychowo, Strzałowo i Mrągowo – district Mrągowo) may only implement tasks defined under points 15 to 18.

The scope of eligible costs includes the following general costs pertaining to the preparation and implementation of the project:

- 1) preparation of technical documentation,
- 2) preparation of economic documentation: cost estimates, economic analyses, business plans, market analyses, marketing analyses,
- 3) certificates, permits, payments and all document pertaining with obtaining thereof,
- 4) urban, architectural and construction supervision,
- 5) land survey service,
- 6) project management services,
- 7) obtaining patents and licenses,

The following items are excluded from support under the Measure:

- 1) construction and modernization and construction equipment not pertaining to running forestry administration,
- 2) any and all administrative costs related to the management and payroll wages for its own employees,
- 3) any and all existing and arising maintenance costs pertaining to the objects of the measure,
- 4) VAT tax paid, which is included in the delivery, product and service price,

Measure 2.2. 'Land re-parcelling'

Eligible costs of the project may comprise:

- 1) drawing up surveying and legal documentation (land survey – legal documentation) including:
 - a) analysis and evaluation of survey – map materials (in view of using the said material in the property-parcelling project),
 - b) the expenditure related to surveying measurements, determining boundaries and estimating the value of land, storing areas and in some cases buildings),
 - c) devising documentation evaluating of the project's influence on the environment,
 - d) stabilization of new real estate (plots) boundaries,
 - e) preparation of the final survey – legal documentation,
- 2) the post-re-parcelling development pertaining to the production space organization including:
 - a) the construction, change or installation of equipment serving to access and utilise the land delimited as a result of re-parcelling, together with the necessary preparatory work, including the construction of culverts, etc.,
 - b) irrigation land improvement measures that are necessary in order to facilitate the utilisation of farming land, depending on the structure of agricultural holdings,
 - c) the construction and modernization of agricultural roads and access roads to farm buildings of the parties participating in re-parcelling,
 - d) measures necessitated by the change of the hitherto existing structure of an agricultural or forestry holding, defined in the land re-parcelling project including unnecessary land boundary strips , re-cultivation works enabling the cultivation of newly parcelled soil),
- 3) general costs of the preparation and implementation of the project of the following:
 - a) preparation of the general project concept along with the necessary predeterminations,
 - b) preparation of economic documents: cost estimates, economic analysis,
 - c) certificates, permits, payments and any all documents in obtaining thereof,
 - d) construction supervision of the project implementation (cultivation of the parceled),
 - e) land survey services,
 - f) financial – bookkeeping services,

In the frames of the Measure, VAT may be regarded as eligible cost of the project (compare with the section concerning the rules for certain types of costs eligibility, point 1 of this Annex)

Measure 2.3. 'Rural renewal and the preservation and protection of cultural heritage'

Eligible costs of the project may comprise:

- 1) construction or adaptation combined with repair and equipping of communal facilities used for cultural purposes (community and cultural centers),
- 2) construction, renewal or equipping of public playgrounds, sports complex, bicycle paths and walking trails,

- 3) projects aimed at preservation of traditional local communities and traditional professions,
- 4) the development of village centers through the repair or construction of squares or parking lots, pavements, street lights etc.,
- 5) the development of green areas, parks and other leisure areas,
- 6) construction or reconstruction combined with repair of minor tourist and recreation infrastructure elements such as visual information systems,
- 7) administrating of water tanks and water flow run within the vicinity of the community (town, village),
- 8) revitalizing, or adapting combined with repair historic buildings used for public purposes as well as renovation or conservation of local historical monuments and commemorative areas,
- 9) the purchase and renewal of disused historic buildings characteristic of the rural architectural traditions of the region and the adaptation of such buildings for public purposes,
- 10) the demolition of dilapidated public buildings and structures if renewal and further exploitation are infeasible,

Within the scope of the eligible costs of the projects, due to their character the following may be included: purchase costs of the building materials, finishing materials, furnishings materials, plants related materials and also the purchase of exhibits (for the projects defined in pt.3), the performance costs of the building, assembly, finishing, arranging and also transport services directly related to that projects.

Moreover, within the scope of the eligible costs including the costs of general: initial planning (technical documentation, economical documentation, cost calculation, economic analyses, certificates, licences, fees) and also the costs of realisation of project (town planning supervision, architectonic supervision, conservationing and building supervision, geodesy services and also services related to the project management).

Measure 2.4. 'Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes'

Eligible costs of the project may comprise:

- 1) the extension, reconstruction, or overhaul and modernization of the existing houses and farm buildings for rural tourism purposes (guest rooms, sitting rooms for the guests, bathrooms and kitchen facilities),
- 2) the arrangement of leisure facilities, purchase of tourist and recreational equipment for a rural tourism operation, as well as purchase of animals for therapeutic, sport and leisure purposes,
- 3) construction or overhaul and modernization of structures necessary for fulfilling the purpose of the project – except the construction of dwelling-houses,
- 4) purchase of machinery, devices, tools and equipment,
- 5) purchase of computer hardware and software,

- 6) purchase of the transport means⁴⁶ only for business needs (the financial aid does not cover the purchase of private cars for the transport of less than 8 persons, including the driver),
- 7) purchase of the transport means for the business purposes excluding mere transportation services (the financial aid does not cover the purchase of private cars for the transport of less than 8 persons, including the driver, and the eligible cost of the means of transportation cannot exceed 50% of the project eligible costs specified in points 1-10,
- 8) land development for the business planned under the project,
- 9) purchase of plant seedlings to grow perennial plants intended for fuel,
- 10) construction works, transportation, installation, materials and equipment directly associated with the costs listed in points 1-9 and necessary to achieve the project objective,
- 11) general costs associated with the preparation and implementation of the project up to 12% of the remaining project eligible costs specified in points 1 - 10, in respect of:
 - a) the preparation of technical documentation,
 - b) preparation of economic documentation: cost estimates, economic analyses, business plans, market analyses, marketing analyses,
 - c) certificates, permits and all other documentation pertaining to the project,
 - d) urban, architectural and construction supervision related to the project implementation,
 - e) land survey services,
 - f) project management services,
 - g) acquisition of patents and licenses,

Costs of preparation of application for projects co-financing and undertakings projects will not be eligible for support in that scope if the beneficiary benefits from free of charge advisory assistance, provided by the advisory institution supported under Measure 1.4. *'Agricultural advisory and extension services support'*.

The rules for eligibility of costs incurred as a result of purchasing equipment, machinery and devices used have been described in this Annex in the section concerning the rules for certain costs eligibility, point 2.

Measure 2.5. 'Agricultural water resources management'

Eligible costs of the project may comprise:

- 1) general costs of projects preparation and its supervision and in particular:
 - a) the drawing up of technical documentation,
 - b) preparation of economic documentation: cost estimates, economic analyses,
 - c) obtaining certificates, permits, payments as well as all other documentation pertaining to the project,
 - d) urban, architectural and construction supervision relating to project implementation,
 - e) land surveying services,
 - f) obtaining patents and licenses,
- 2) the cost of construction and assembly works,
- 3) the cost of purchasing land for the project – the above cost cannot constitute more than 10% of total eligible project costs.

⁴⁶ Land or water, self-propelled or pulled, designated for transporting goods or people or for hauling other vehicles designated for public or goods transportation.

The following are not eligible for financial support:

- 1) construction or modernization of ground fishery ponds,
- 2) construction or modernization of sprinklers or pumping stations for pressure irrigation,
- 3) redevelopment of reclaimed permanent meadows and pastures, exclusive of initial development of reclaimed permanent grasslands and pastures,

Any possible uncertainties pertaining to the eligibility of some equipment to be financed within the Measure will be settled pursuant to the provisions of the Water Management Act, which defines the notion of land improvement.

Measure 2.6. 'Development and improvement of the infrastructure related to agriculture'

Eligible costs of the project may comprise:

- 1) construction or renovation combined with modernization costs of buildings and structures,
- 2) purchase or installation costs of machines and equipment,
- 3) technological and mechanical start-up costs of machines and equipment,
- 4) general costs associated with the preparation and project implementation, amounting to 12% of the remaining eligible costs, such as:
 - a) cost of preparation of the technical documentation,
 - b) costs of preparation of economic documents: cost estimates, economic analyses, business plans, market analyses, marketing analyses,
 - c) costs of certificates, permits, fees as well as all other documentation pertaining to the project,
 - d) costs of urban, architectural and construction supervision associated with the project implementation,
 - e) costs of geodesy services,
 - f) costs of project management services,
 - g) costs of patents and licenses purchase,

Measure 2.7. 'Leader + type measure'

Eligible costs of the project may comprise:

Scheme I:

- 1) organization of information and training undertakings (seminars, conferences etc.) including: hall rental with audio-video equipment, devising, printing and distribution of training materials - informative, hiring lectures and covering the cost of their business trip,
- 2) preparation of written materials, analyses, expert reports, documentation as well as expert support in devising rural areas development strategies,
- 3) advisory and expert assistance in creating the Local Action Groups – devising charters, by-laws, conducting registrations etc.,

Scheme II:

Eligible costs may include the following:

- 1) LAG's operational costs including: hiring employees (wages including insurance costs, business trips) rental costs or costs of maintaining office facilities, conservation and repair of office equipment, telecommunication monthly payments, postal expenses costs,

installation and usage of Internet network, LAG office supplies and furnishing purchase costs (including computers and software programming) up to a total amount of 10% of other costs of the project,

- 2) organizing informative and training undertakings pertaining to IRADS (seminars, trainings, conferences etc.), including: hall rental with audio-video equipment, devising, printing and distribution of training materials - informative, hiring lectures and covering the cost of their business trip,
- 3) activities in promoting the region (nature and cultural resources, specific products, events, festivities etc.) and initiative undertaken by LAG, in that devising and printing of brochures, folders, poster and audio – video material for free distribution, creating Internet web pages, purchase of advertising space, preparation and costs of radio and TV air time advertising, costs of renting stands at trade shows, participation of entities and persons operating in the area pertaining to IRADS in promotional events,
- 4) conducting free of charge advisory service on investment projects preparation principles in character similar to the objectives of IRADS – expert fees and employees wages costs,
- 5) organizing cultural festivities and events promoting the region and its cultural identity (festivals, trade shows, exhibits etc.) including: making area available, equipment and furnishing rental costs, service personnel (in that: security, medical staff), insurance, participation of entities and individuals from the LAG operation area participating in organizing the event or presenting its operations, products etc. (travel, meals, equipment and machine shipments),
- 6) LAG improvement and development costs – employing consultants, preparing written studies, analyses, expert reports, documentation and participation of LAG’s members and personnel in training programs,
- 7) cooperation and experience exchange between LAG (on a national and international level) on the subject of implementing strategies and LAG’s work organization (management, monitoring etc.) – organizing study trips, participating in seminars organized by other LAGs: costs of travel, accommodations, board, translator’s services,

Measure 3.1. ‘Support for the programme management and implementation system’

Eligible costs of the project may comprise:

- 1) costs associated with the organization, services and participation in the operation of the Monitoring Committee and its working groups,
- 2) costs associated with the organization, services and participation in the operation of the Steering Committee and its working groups; Regional Steering Committees (within the scope of implementing SOP Restructuring and Modernization of the Food Sector and Rural Development),
- 3) salaries (gross salary including social security contributions paid by the employer and the contributions to Labour Fund and Guarantee Employee Benefits Fund) of the persons seconded or employed for the period of programme implementation to carry out tasks on the preparation, appraisal, selection and monitoring of the projects or programme, audit, control as well as persons employed for operating needs of the Monitoring Committee, SOP Steering Committee as well as the Regional Steering Committees (RSC) (for SOP implementation),

An individual whose salary is co-financed out of the Priority III ‘**Technical Assistance**’ resources, may only perform tasks exclusively associated with the above defined tasks. Employment period cannot exceed the final date of eligible costs in the current programming period.

Salaries co-financed from the **Technical Assistance** resources should be equivalent to the salaries of employees being paid out of the individual resources of a given institution:

- 4) costs associated with conducting audits,
- 5) costs associated with conducting inspections,
- 6) costs on expert assistance in appraising, selecting, and monitoring of the aid or projects,
- 7) other costs incurred by the institutions pertaining to the SOP implementation,

Expenditures pertaining to the preparation of tender specifications and conducting tender procedures are also considered to be eligible costs.

Measure 3.2. 'Institutional Development'

Eligible costs of the project may comprise:

- 1) costs for acquisition and installation of computers, software and other equipment and the purchase of materials necessary for the implementation of the programme,
- 2) costs for the acquisition of computer management, monitoring and evaluation systems and the installation thereof,
- 3) costs for organizing and implementing training courses designed to increase qualifications of people participating in the process managing, implementing, monitoring or control of the programme including members of the steering and monitoring committees,
- 4) costs of participation of people responsible for managing, implementing, monitoring or control of assistance in other forms of training,
- 5) costs for conducting programme evaluations,

Expenditure pertaining to the preparation of tender specifications and conducting tender procedures are also considered to be eligible costs.

Measure 3.3. 'Programme information and publicity'

Eligible costs of the project may comprise:

- 1) costs of organization and servicing of conferences, information and promotion meetings for potential beneficiaries,
- 2) costs of organization and servicing of meetings promoting the best practices,
- 3) costs of development, publishing and distribution of information or promotion materials on the programme, and publishing documents related to its implementation (also on electronic carriers),
- 4) costs of designing, up-dating and maintenance of web sites and domains,
- 5) costs or purchasing equipment and office materials for the needs of organization of promotion or information campaigns,
- 6) costs of promotion in mass media, including development and dissemination of materials,
- 7) costs of preparing and producing billboards and information signs,
- 8) costs of organization and servicing of conferences, information and promotion meetings in respect of assumptions of the operational programme for the next programming period,

Expenditure pertaining to the preparation of tender specifications and conducting tender procedures are also considered to be eligible costs.

The rules for eligibility of some kinds of costs

With respect to the SOP the following rules for cost eligibility are applicable:

- 1) VAT shall not be an eligible cost, if the beneficiary may recover this tax in whatever form.
- 2) purchase of equipment, machines or second hand facilities shall be eligible for co-financing exclusively under Measure 1.1. **‘Investment in agricultural holdings’** and 2.4. **‘Diversification of agricultural activities and activities close to agriculture...’** provided that:
 - a) the equipment has not been purchased with the national or community aid over the period of past 7 years,
 - b) price of the equipment shall not exceed its market value and is lower than the price of a similar new piece of equipment,
 - c) the equipment has necessary technical features for the project implementation and meets the norms and standards in force,
- 3) purchase of land may be an eligible cost for the projects implemented under Measures 1.1. **‘Investment in agricultural holdings’** and Measure 2.5. **‘Agricultural water resources management’** provided that:
 - a) land purchase is closely connected with the project objectives,
 - b) the purchase price does not exceed the market value estimated on the basis of data published by the GUS (Central Statistical Office). If the purchase cost exceeds the market value only the part of price not exceeding the market value is eligible for support.

Furthermore, the eligible costs may include the total or a part of land purchase cost not exceeding 10% of the qualified costs of the project.

- 4) purchase of buildings or structures.
The purchase costs of the existing buildings or structures and land on which they are constructed are considered eligible provided that the following conditions are met:
 - a) the purchase is closely connected with the project objectives,
 - b) an independent expert shall declare that the purchase price does not exceed the market value,
 - c) an independent expert shall declare compliance of the building or structure with the national regulations in force or shall specify elements not compliant with these regulations. With regard to the latter, such purchase may be considered eligible cost if the project has taken into account full adjustment of the building or structure to the regulations in force,
 - d) in relation to the building or structure neither domestic nor community aid has been granted over the period of the past 10 years for this real estate,

The cost of the purchase of building, structure or the land on which it were constructed may be eligible for the project implemented under Measure 1.1. **‘Investment in agricultural holdings’** and Measure 2.3. **‘Rural renewal and the preservation and protection of cultural heritage’**.

The costs are deemed eligible provided that the beneficiary respects the rules of public procurement .

Rules for eligibility of expenditures with respect to beneficiary

The eligible costs for particular Measures have been specified herein in the section concerning the scope of eligible costs in the frames of particular SOP Measures. . Certain detailed rules for cost eligibility have been provided for in the section concerning the rules for certain costs' eligibility. If the cost incurred during the project implementation has been in compliance with these rules and the entity who incurred the cost has met all requirements for the given SOP Measure (conf. Section concerning the scope of eligible costs in the frames of particular SOP Measures) and has implemented the project in conformity with the contract signed with the Implementing Institution than the incurred and documented cost may be considered eligible for co-financing.

Rules for eligibility of the costs within the SOP measures are uniform for all kinds of beneficiaries entitled to the aid within the Measures. The only exception concerns the eligibility of value added tax which is considered to be eligible cost only in respect of such beneficiaries who have no possibility to have it refunded (conf. Section concerning the rules for certain costs eligibility, point 1).

Moreover, under Measure 2.1. '**Restoring forestry production potential damaged by natural disaster and/or fire and introducing appropriate preventive measures**' a different scope of eligibility project costs is provided due to the level of destructions that have occurred in the given woodland. It means that the owners of forests situated in the area belonging to different groups may include different eligible costs in the scope of the project. (see **measure description** in paragraph 3 and the detailed scope of eligible costs for this Measure herein in section concerning the scope of eligible costs in the frames of particular SOP Measures).

Annex No. 2.

Detailed Guidelines defining agricultural education (university faculties, professions and jobs and eligible degrees required in the scope of Measure 1.1. 'Investment in agricultural holdings' and Measure 1.2. 'Setting-up of young farmers'.

1. Faculties of vocational college/university studies, , supplementary master's studies and regular master's studies, the graduation of which is considered as obtaining higher agricultural education

- 1) agriculture,
- 2) agricultural economics or economy lectured in agricultural colleges/universities,
- 3) horticulture,
- 4) veterinary medicine,
- 5) land reclamation or environmental engineering in agricultural colleges/universities,
- 6) agricultural and forest engineering,
- 7) animal husbandry,
- 8) landscape architecture in agricultural colleges/universities,
- 9) management and marketing in agricultural colleges/universities,

In the case of other fields of studies than those listed in items 1-9, these studies are deemed helpful in conducting agricultural activities only if their syllabus covered at least 120 hours of subjects related to plant or animal production technology.

2. List of vocations and specialisations of secondary agricultural education

- 1) professional farmer,
- 2) professional gardener,
- 3) professional landscape designer,
- 4) professional breeder of:
 - a) poultry,
 - b) animals,
- 5) professional horse breeder,
- 6) professional beekeeper,
- 7) inland fishing specialist – if fish are bred on the farm,
- 8) veterinary specialist – if animals are bred on the farm,
- 9) economist specialised in:
 - a) farm economics and accountancy,
 - b) farm accountancy and agricultural market,
- 10) commodity expert specialised in agricultural raw materials,
- 11) agribusiness specialist,
- 12) agricultural engineering specialist,

3. List of vocations and specialisations of essential agricultural education

- 1) farmer,
- 2) gardener,
- 3) beekeeper,
- 4) mechanic operator of agricultural vehicles and machines,
- 5) in-land fisherman – if fish are bred on the farm,

4. Postgraduate studies related to agriculture

Postgraduate studies in the scope of agriculture are considered to be the studies, the syllabus of which covered at least one of subjects related to:

- 1) agricultural economics,
- 2) organisation or technology of agricultural production,
- 3) marketing of agricultural goods,
- 4) farm accountancy,
- 5) agri-business,

5. List of vocational titles in professions eligible for running agricultural activity

- 1) farmer:
 - qualified farmer,
 - skilled farmer,
- 2) field cultivation farmer:
 - qualified field cultivation farmer,
 - skilled field cultivation farmer,
- 3) meadow cultivation farmer:
 - qualified meadow cultivation farmer,
 - skilled meadow cultivation farmer,
- 4) hop-growing farmer:
 - qualified hop-growing farmer,
 - skilled hop-growing farmer,
- 5) cattle breeding farmer:
 - qualified cattle breeding farmer,
 - skilled cattle breeding farmer,
- 6) pig breeding farmer:
 - qualified pig breeding farmer,
 - skilled pig breeding farmer,
- 7) sheep breeding farmer:
 - qualified sheep breeding farmer,
 - skilled sheep breeding farmer,
- 8) horse breeding farmer:
 - qualified horse breeding farmer,
 - skilled horse breeding farmer,
- 9) poultry breeding farmer:
 - qualified poultry breeding farmer,
 - skilled poultry breeding farmer,
- 10) fur animals breeder:
 - qualified fur animals breeder,
 - skilled fur animals breeder,
- 11) beekeeper:
 - qualified beekeeper,
 - skilled beekeeper,
- 12) fruit-growing farmer:
 - qualified fruit growing farmer,
 - skilled fruit-growing farmer,

- 13) nursery-gardener:
 - qualified nursery gardener,
 - skilled – nursery – gardener,
- 14) vegetable – growing farmer:
 - qualified vegetable-growing farmer,
 - skilled vegetable growing farmer,
- 15) floriculture farmer:
 - qualified floriculture farmer,
 - skilled floriculture farmer,
- 16) mushroom growing farmer:
 - qualified mushroom growing farmer,
 - skilled mushroom growing farmer,
- 17) tractor driver – qualified tractor driver;
- 18) combine-harvester operator – qualified combine- harvester operator,
- 19) farmer-agricultural machines operator – farmer-skilled operator of agricultural machines,
- 20) mechanic – operator of agricultural vehicles and machines,
 - qualified mechanic - operator of agricultural vehicles and machines
 - skilled mechanic – operator of agricultural vehicles and machines,
- 21) pond fisherman – only if fish are bred on the farm:
 - qualified pond fisherman,
 - skilled pond fisherman,
- 22) lake fisherman – if fish are bred on the farm:
 - qualified lake fisherman,
 - skilled lake fisherman,
- 23) river fisherman – if fish are bred on the farm:
 - qualified river fisherman,
 - skilled river fisherman,

6. List of courses the completion of which is comparable with the qualification title eligible for running agricultural activity, as described in section 5.

- 1) Agricultural Training Centre– completion of three levels,
- 2) School of agricultural training.

. Manner of determining the economic size of agricultural holdings

In the framework of the Sectoral Operational Programme **Restructuring and Modernization of the Food Sector and Rural Development** within the following measures:

- 1) 1.1. 'Investments in agricultural holdings',
- 2) 1.2. 'Setting up of young farmers',

the economic viability of the holding is measured by its economic size, expressed in terms of ESU (European Size Units).

The economic size of agricultural holding is also a basis for qualifying the farms for the group of the so called semi - subsistence farms, which may be supported within the Rural Development Plan, Action Support for subsistence farms.

To evaluate the economic size of agricultural holding the following calculations should be done:

- 1) The data concerning the holding are to be written down in column „Quantitative data concerning the area under crops and livestock” (see table on the next page).
- 2) Further on, the given values should be multiplied by Standard Gross Margin values (SGM 2000
- 3) The resulting values should be written down in the column „Values of SGM of particular activities of given agricultural holding” and sum up
- 4) The sum of the values from this column is to be written down in the cell „Sum of SMG Values” and also transferred to the numerator of the formula placed below the table in order to calculate the economic size of the agricultural holding.

Agricultural macroregions in Poland

Pomerania and Masuria	Wielkopolska and Silesia	Mazovia and Podlasie	Małopolska and Pogórze
Lubuskie Voivodeship	Wielkopolskie Voivodeship	Podlaskie Voivodeship	Swietokrzyskie Voivodeship
Zachodniopomorskie Voivodeship	Kujawsko-Pomorskie Voivodeship	Mazowieckie Voivodeship	Silesia Voivodeship
Pomerania Voivodeship	Lower Silesia Voivodeship	Łódź Voivodeship	Małopolskie Voivodeship
Warmińsko-Mazurskie Voivodeship	Opolskie Voivodeship	Lubelskie Voivodeship	Podkarpackie Voivodeship

Table for calculating the economic size of agricultural holding.

No	Type of activity	Unit of measurement	The quantitative data concerning area under crops and livestock	SGM "2000" value In PLN				SGM values for particular activities of given agricultural holding
				Pomerania and Masuria	Wielkopolska and Silesia	Mazovia and Podlasie	Małopolska and Pogórze	
1	Wheat	hectare		1214	1312	943	976	
2	Rye	hectare		578	667	540	625	
3	Barley	hectare		861	1143	924	919	
4	Oats	hectare		561	813	637	805	
5	Triticale	hectare		797	1063	781	857	
6	Grain maize	hectare		899	1328	1426	1234	
7	Mixture of grain crops	hectare		569	833	663	862	
8	Legumes together with mixtures of cereals with legumes	hectare		1454	1889	1602	3608	
9	Buckwheat, Millet and other cereals	hectare		518	623	604	1050	
10	Potatoes	hectare		2973	2795	2608	2033	
11	Sugar beet	hectare		2636	2822	2622	2784	
12	Field-grown vegetables	hectare		6508	7087	7004	8019	
13	Vegetables and strawberries grown under covers	hectare		174963	183607	189828	186939	
14	Flowers and ornamental plants grown in fields	hectare		34312	34312	34312	34312	
15	Flowers and ornamental plants grown under cover	hectare		366667	366667	366667	366667	
16	Other types of crops for seeds and seedlings	hectare		9480	8065	7797	7522	
17	Other types of crops ¹	hectare		361	361	361	361	
18	Tobacco	hectare		3083	7437	9919	5864	
19	Hops	hectare		7991	7991	7991	7991	
20	Rape and turnip-like rape	hectare		912	1080	1119	1160	
21	Sunflower	hectare		1021	1021	1021	1021	
22	Soybean	hectare		509	509	509	509	
23	Oil flax	hectare		352	352	352	352	
24	Other oilseeds²	hectare		1133	1133	1133	1133	
25	fibre flax	hectare		1470	1470	1470	1470	
26	Hemp	hectare		1330	1330	1330	1330	
27	Herbs and spice plants	hectare		952	1644	2028	1216	
28	Other industrial plants³	hectare		2652	2652	2652	2652	
29	Plantation of fruit shrubs and trees	hectare		4331	4837	5133	4184	
30	Field-grown strawberries	hectare		4865	2384	1670	2302	
31	Table Grapes	hectare		3578	3578	3578	3578	
32	Nurseries	hectare		34793	34793	34793	34793	
33	Perennial crops under cover ⁴	hectare		26558	26558	26558	26558	
34	Cultivated fungi⁵	m²		65,60	65,60	65,60	65,60	
35	Equidae ⁶	Livestock unit		446	446	446	446	
36	Calves less than one year old	Livestock unit		391	447	547	499	
37	Young bulls under 2 years of age	Livestock unit		1082	1072	1007	889	
38	Heifers under 2 years of age	Livestock unit		2185	2282	2146	1925	
39	Young bulls two years old and above ⁷	Livestock unit		1367	1733	1135	929	
40	Heifers two years old and above	Livestock unit		5019	6674	8060	5938	
41	Milk cows	Livestock unit		2311	2363	2158	1967	
42	Other cows⁸	Livestock unit		98	54	78	47	
43	Sheep – in general	Livestock unit		29	36	34	45	
44	Goats – in general	Livestock unit		290	384	471	388	
45	Piglets weighing less than 20 kg ⁹	Livestock unit		136	136	136	136	
46	Sows weighing 50 kg or more	Livestock unit		1342	1458	1497	1197	

47	Other pigs ¹⁰	Livestock unit		490	622	584	519	
48	Broiler	Livestock unit		2,93	2,93	2,93	2,93	
49	Laying hens	Livestock unit		10,23	6,78	2,67	5,72	
50	Other poultry	Livestock unit		17,73	17,26	16,75	19,54	
51	Rabbits - does	Livestock unit		61	61	61	61	
52	bee families	1 hive		204	204	204	204	
							Sum of SGM values	

$$\frac{\text{Sum of SGM values}}{4761,864} = \boxed{} \quad \text{Economic size of the farm in ESU} \quad (11)$$

¹ All the areas not mentioned before, and the area of alkaloid lupine crops (for green manure and seeds)

² e.g. charlock

³ e.g. wicker

⁴ e.g. grapes

² e.g. mushrooms

⁶ "equidae animals" – includes: donkeys, mules, farm horses except racehorses and saddle-horses

⁷ "old bulls two years old and above" – includes only fattening bulls except breeding bulls

⁸ "other cows" – includes suckler cows and other, e.g. draught cows, except rejected ones

⁹ SGM value for the activity „Piglets weighing less than 20 kg” – is taken into account in the algorithm of farm classification only when there are no livestock units for the activity „Sows weighing above 50 kg”.

¹⁰ "other pigs" – includes weaners above 20 kg but less than 50 kg and fattening pigs weighing more than 50 kg.

⁽¹¹⁾ it is a value of 1200 EURO multiplied by 3.96822 (exchange rate of 1 EURO used for calculating the SGM „2000” value).

Annex no 4. List of regulations containing minimum standards for hygiene, environmental protection and animal welfare in agricultural holdings (refers to Measure 1.1. ‘Investments in the agricultural holdings’ and Measure 1.2. ‘Setting up of young farmers’).

Table 1. Regulations defining minimum standards for hygiene

Scope of subjects	EU legislation	Domestic legislation	Date on which the regulation became obligatory
Veterinary conditions required in production, processing, storage and transport of milk and milk products	Council Directive 92/46/EEC (OJ L 268/41 29.09.1991)	Ordinance of the Minister of Agriculture and Rural Development of 18 August, 2004 on veterinary conditions required in production, processing, storage and transport of milk and milk products (Journal of Laws No. 188 item 1946)	October 26th , 2002 Exception: January 1st , 2003 As regards facilities in animal houses and milking rooms.
Rules on application of substances having hormonal, thyreostatic and betaagonist effect	Council Directives: 96/22/EC (OJ L 125 of 23.05.1996)* 96/23/EC (OJ L 125 of 23.05.1996)*	Act of 11 March 2004 on animal health protection and control of infectious livestock diseases (Polish Journal of Laws No 69, item 625) Act of 29 January 2004 on veterinary conditions for the products of animal origin (Polish Journal of Laws No 33, item 288). The ordinance of the Minister of Agriculture and Rural Development on the code of conduct with prohibited substances, chemical, biological residues and the medicine products and radioactive contamination of animals and of	May 1st, 2004 May 1st, 2004 May 1st, 2004

		products of animal origin (Polsh Journal of Laws No 76, item 723)	
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Table 2. Regulations defining minimum standards for environmental protection

Scope	EU legislation	Domestic legislation	Date on which the regulation became obligatory
Rules for storage and application of fertilizers	Council Directive 91/676'EC (OJ L 375 of 31.12.1991)*	Act of 26 July 2000 on fertilizers and fertilization (Polish Journal of Laws of 2000 No 89, item 991, with later amendments) Ordinance of the Minister of Agriculture and Rural Development of 1 June 2001 on detailed rules of the use of fertilizers and training on fertilizers use	January 25th, 2001 . Exception: October 25th, 2008 . – as regards the manner of storage of natural fertilizers June 28th, 2001
Rules for storage and application of fertilizers in the Nitrate Vulnerable Zones (NVZ)		Water Management Act of 18, July 2001 (Official Journal of 2001 No 115, item 1229) with later amendments Ordinance of the Minister of Environment of 23 December 2002 on detailed rules of action programmes aimed at limiting the drain of nitrogen from agriculture	January 1st, 2002 January 30th, 2003
Agricultural	Council Directive	Water Management Act of 18,	January 1st, 2002

utilization of effluents at the territory of agricultural holding	80/68/EEC (OJ L 020 of 26.01.1980)* 76/464/EEC (OJ L 129 of 18.05.1976)	July 2001 (Official Journal of 2001 No 115, item 1229) with later amendments	
Agricultural utilization of urban effluent sludge	Council Directive 86/278/EEC (OJ L 181 of 04.07.1986)*	Waste Act of 27, April 2001 (Journal of Laws of 2001, No 62 item 628) with later amendments	October 1st, 2001
Environmental Impact Assessment	Council Directives: 85/337/EEC (OJ L 175 of 5.7.1985)* 97/11/EC (OJ L 073 of 14.3.1997)* 96/61/EC (OJ L 257 of 10.10.1991)*	Environment Protection Act of 27 April 2001 (Polish Journal of Laws of 2001 No 62, item 627, with later amendments) Ordinance of the Council of Ministers of 24 September 2004 determining types of projects, which could have a significant impact on the environment and detailed criteria related to classification of projects for Environment Impact Report (Journal of Laws No. 179 item 1490) Ordinance of the Minister of Environment of 26 September 2003 on prolonged time-limits for obtaining the permit (Journal of Laws No. 177, item 1736)	October 1st, 2001 Exceptions: January 1 st , 2002 – rules for integrated permits; November 13th, 2002 October 29th, 2003
Use of plant protection products	Council Directive 91/414/EEC (OJ L 230 of 19.8.1991)*	Law on protection of plants of 18, December 2003 (Official Journal of 2004, No 11, item 94)	May 1st, 2004

Protection of natural habitats	Council Directives 79/409/EEC (OJ L 103 of 25.04.1979)* 92/43/EEC (OJ L 206 of 27.7.1992)*	Law on nature protection of 16, April 2004 (Official journal of 2004, No 92, item 880)	May 1st, 2004
Soil conservation	The VIth Community Action Programme in Favour of Environment – Strategy concerning Soil Conservation*	Law on protection of agricultural and forest land of 3, February 1995 (Journal of Laws of 2004, No 121, item 1266)	March 25th 1995
Grasslands management in areas	Council Directive 92/43/EEC OJ L 206 of 27.07.1992)*	Law on nature protection of 16, April 2004 (Official journal of 2004, No 92, item 880)	May 1st, 2004
Keeping cleanliness and appropriate order on the farm	Council Directive 75/442/EEC (OJ L 194 of 25.07.1975)*	Law on keeping cleanliness and order in the gminas, of 13, September 1996 (Journal of Laws.No. 132 item 622) with later amendments	January 1st, 1997

Table 3. Regulations defining minimum standards for animal welfare

Scope	EU legislation	Domestic legislation	Date on which the regulation became obligatory
Minimum standards for animal keeping regarding the environmental protection	Council Directives: 98/58/EC (OJ L 221 of 8.8.1998)* 1999/74/EC (OJ L 203 of 3.8.1999)* 91/629/EEC (OJ L 340 of 11.12.1991)*	Act of 21 August 1997 on animal protection (Polish Journal of Laws of 2003 No 106, item 1002 – consolidated text) <hr/> Ordinance of the Minister of	October 24t, 1997 However 1.As regards surface of stall for one calf in case of keeping calves in a group (concerns the buildings built before the date of entering into force of the

	<p>97/2/EC (OJ L 025 of 28.01.1997)*</p> <p>Decision 97/182/EC (OJ L 076 of 18.03.1997)*</p> <p>Directive 91/630/EEC (OJ L 340 of 11.12.1991)*</p> <p>Directive 2001/88/EC (OJ L 316 of 01.12.2001)*</p> <p>Directive 2001/93/EC (OJ L 316 of 1.12.2001)*</p>	<p>Agriculture and Rural Development of 2 September 2003 on minimum welfare standards for particular species of farmed animals (Polish Journal of Laws of 2003, No 167, item 1629, Polish Journal of Laws of 2004, No 47, item 456)</p>	<p>ordinance); width of stall for one calf in case of keeping calves individually (concerns the buildings built before the date of entering into force of the ordinance) – 31 December, 2006.</p> <p>2) surface of stall for pregnant sows (concerns the buildings built before the date of entering into force of the ordinance) – 1 January 2005.</p> <p>3) surface of stall in calculation for one animal, for keeping groups of pigs and pregnant sows (concerns the buildings built before the date of entering into force of the ordinance) – 1 January 2013.</p> <p>4) – requirements for keeping laying hens kept out of cages on one level or many levels on farms breeding at least 350 birds (concerns the buildings built before the date of entering into force of the ordinance) 1 January 2007 ;</p> <p>6) Possible density of 12</p>
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			<p>laying hens per square meter of utilised area of building, out of cages on one level or many levels, for farms keeping at least 350 birds in buildings which were functioning on the date of entering into force of the Ordinance, but at the same time as of 3 August 1999 are kept in the above mentioned system and have access to free grazing – 31 January 2011.</p> <p>6) prohibition of keeping laying hens in unmodified one-level or multi-level cages without bedding; for farms keeping at least 350 hens in buildings built and operating before the date of entry into force of the ordinance – 1 January 2012.</p>
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**Annex No. 5. Table of minimum standards for
Measure 1.5. ‘Improvement in processing and marketing of agricultural products’**

Scope	Polish laws	EU legislation
1).minimum veterinary standards	- Act of 29 January 2004 on veterinary requirements for products of animal origin (Polish OJ No 33, item 288) with regulatory acts listed above.	
	Ordinance of the Minister of Agriculture and Rural Development of 25 May, 2004 on veterinary requirements for minced meat and meat preparations (Polish Journal of Laws No. 132 item 1419)	- 31994L0065 (OJ L 368, 31.12.1994, p. 10) – Council Directive 94/65/EC of 14 December 1994 laying down the requirements for the production and placing on the market of minced meat and meat preparations,
	Ordinance of the Minister of Agriculture and Rural Development of 22 June 2004 on veterinary requirements in the production of fresh meat from bovines, pigs, sheep, goats and equidae, placed in the market (Journal of Laws No. 158 item 1655)	- 31991L0497 (OJ L 268, 24.9.1991, p. 69) Council Directive 91/497/EEC of 29 July 1991 amending and consolidating Directive 64/433/EEC on health problems affecting intra-Community trade in fresh meat to extend it to the production and marketing of fresh meat
	<p>Ordinance of the Minister of Agriculture and Rural Development of 29 June, 2004 on veterinary requirements in the production of meat products and other products originated from meat placed on the market (Journal of Laws No. 160, item 1673)</p> <p>Ordinance of the Minister of Agriculture and Rural Development of 19 June 2004 on veterinary requirements in relation to production of poultrymeat (Polish Journal of Laws of 2004 no.156, poz.1636)</p>	<p>- 31992L0005 (OJ L 57, 2.3.1991, p. 1) Council Directive 92/5/EEC of 10 February 1992 amending and updating Directive 77/99/EEC on health problems affecting intra-Community trade in meat products and amending Directive 64/433/EEC</p> <p>- 31980L0215 (OJ L 57/1 of 2.03.1992)*</p> <p>- Council Directive 80/215/EEC of 22 January 1980 on animal health problems affecting intra-Community trade in meat products (OJ L 47/4 of 21.2.1980)*</p> <p>- 31992L0116 (OJ L 062, 15.03.1993, p.001-0037) Council Directive 92/116/EEC of 17 December 1992 amending and updating Directive 71/118/EEC on health problems affecting trade in fresh poultrymeat</p>

	<p>Ordinance of the Minister of Agriculture and Rural Development of 16 June 2004 on veterinary requirements to be respected in relation to production and for products made of rabbit meat and game meat of wild game kept on farms, placed in the market (Journal of Laws No. 148 item 1559)</p> <p>Ordinance of the Minister of Agriculture and Rural Development of 15 July, 2004 on veterinary requirements in the production and for products made of game meat placed on the market (Journal of Laws No. 169 item 1778)</p>	<p>- 31991L0495 (OJ L 268, 24.9.1991, p. 41) – Council Directive 91/495/EEC of 27 November 1990 concerning public health and animal health problems affecting the production and placing on the market of rabbit meat and farmed game meat.</p> <p>-.</p> <p>Directive 92/45/EEC of 16 June, 1992 on public health and animal health problems related to the shooting of wild game and marketing game meat (OJ L 268 of 14.09.1992)*.</p>
	<p>Ordinance of the Minister of Agriculture and Rural Development of 20 February 2003 on detailed veterinary conditions to be respected in relation to egg production and processing (Polish Journal of Laws of 2003, No 562, item 461, OJ of 2003, No 70, item 648)</p>	<p>Council Directive 89/437/EEC of 20 June 1989 on hygiene and health problems affecting the production and the placing on the market of egg products,</p>
	<p>Ordinance of the Minister of Agriculture and Rural Development of 5 July 2002 on detailed veterinary conditions to be respected in relation to production, processing, storage and transport of milk and milk products</p>	<p>- 31992L0046 (OJ L 268, 24.09.1991, p. 41) – Council Directive 92/46/EEC of 16 June 1992 laying down the health rules for the production and placing on the market of raw milk, heat-treated milk and milk-based products</p>
2) minimum sanitary standards	<p>- Act of 11 May 2001 on health conditions for food and feeding (Polish Journal of Laws No. 63, item 634, with further amendments)</p>	<p>- Council Directive 93/99/EEC of 29 October 1993 on the subject of additional measures concerning the official control of foodstuffs</p>

	<p>- Act of 21 December 2000 on marketing standards for agricultural and food products (Polish Journal of Laws No 5, item 44, with further amendments)</p>	<p>- Council Directive 85/591/EEC of 20 December 1985 concerning the introduction of Community methods of sampling and analysis for the monitoring of foodstuffs intended for human consumption</p> <p>- Council Directive 89/108/EEC of 21 December 1988 on the approximation of the laws of the Member States relating to quick-frozen foodstuffs for human consumption</p> <p>- Directive 2000/13/EC of the European Parliament and of the Council of 20 March 2000 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs</p>
3) minimum standards for environment protection	<p>- Environment Protection Law of 27 April 2001 on (Polish Journal of Laws of 20 June 2001)</p>	<p>- Council Directive 96/61/EC of 24 September 1996 concerning integrated pollution prevention and control</p> <p>- Council Directive 96/82/EC of 9 December 1996 on the control of major-accident hazards involving dangerous substances</p> <p>- Directive 2000/14/EC in respect of the noise emission in the environment</p> <p>-</p>
	<p>- Water Management Act of 18 July 2001 (Polish Journal of Laws No. 115 item 1229 as amended)</p>	<p>- Council Directive 76/464/EEC on pollution caused by certain dangerous substances discharged into the aquatic environment of the Community</p> <p>- Council Directive 76/160/EEC concerning the quality of bathing water</p>

	- Waste Act of 27 April 2001 (Polish Journal of Laws No. 62 item 628 as amended)	<p>- Directive 94/62/EC on packaging and packaging waste (OJ L 365 of 31.12.1994)*</p> <p>- Directive 91/157/EEC on batteries and accumulators containing certain dangerous substances (OJ L 078 of 26.03.1991)*</p> <p>- Directive 1999/31/EC on the landfills of waste (OJ L 182 of 16.7.1999)*</p> <p>- Directive 91/689/EEC on hazardous waste (OJ L 377 of 31.12.1991)*.</p>
4. Minimum standards in animal welfare	Ordinance of the Minister of Agriculture and Rural Development of 2 April, 2004 on the qualifications of persons authorised to professional slaughter and on the applicable methods of animal slaughtering and killing. (Journal of Laws No. 70, item 643)	Directive 93/119/EEC of 22 December, 1993 on protecting animals during slaughter or cull (OJ L 340 of 31.12.1993)*

Management plans of the forest fire areas

Forest fire areas classification is included in the forest management plans. The classification takes into account the nature and forest conditions, air pollution, average number of forest fire per year and climate conditions, which are formulated by the Sielaninov hydrothermal indicator.

There are 3 categories of fire risk for the forests:

- 1) I category – serious fire risk, which covers 40.9 per cent of the total area of State Forests,
- 2) II category – medium fire risk, which covers 44.3 per cent of the total area of State Forests,
- 3) III category – small fire risk, which covers 14.8 per cent of the total area of State Forests,

The method of determining the particular fire risk category is laid down in the Annex 1 to the Ordinance of the Minister of Environment Protection, Natural Resources and Forestry of 16 August, 1999 on **the specific rules on fire protection of forests** (Journal of Laws No. 73, item 824)

Moreover, according to the **Fire Protection Act** of 24 August, 1991 (Journal of Laws No. 147, item 1229 as amended), forests divisions are obliged to prepare „Procedures in case of forest fire”, which should be updated by the 15 of March every year. The above mentioned document is an integral part of emergency plan, prepared by the powiat commanding officer of the National Fire Guard.

Forest fire classification in each forestry inspectorate (31.12.2003.)

Inspectorate	I Category		II Category		III Category		Total area regarding categories		
	Inpectorate	Area	Inpectorate	Area	Inpectorate	Area	I Category	II Category	III Category
Białystok	6	118479	21	365652	5	77438	118479	365652	77438
Gdańsk	0	0	14	273595	1	17400	0	273595	17400
Katowice	22	380725	9	155871	7	76432	380725	155871	76432
Kraków	0	0	3	34799	13	132012	0	34799	132012
Krosno	0	0	6	87166	21	316594	0	87166	316594
Lublin	1	16137	16	278314	8	107388	16137	278314	107388
Łódź	8	113926	13	169931	0	0	113926	169931	0
Olsztyn	5	90901	22	385568	6	99375	90901	385568	99375
Piła	15	252192	5	78537	0	0	252192	78537	0
Poznań	14	252428	12	188230	0	0	252428	188230	0
Radom	9	116794	14	199343	0	0	116794	199343	0
Szczecin	25	480841	10	168781	0	0	480841	168781	0
Szczecinek	3	49083	26	500048	2	38676	49083	500048	38676
Toruń	14	246219	11	173556	1	10828	246219	173556	10828
Warszawa	9	123327	4	55164	1	6846	123327	55164	6846
Wrocław	13	218179	15	239718	5	64652	218179	239718	64652
Zielona Góra	20	431748	0	0	0	0	431748	0	0
Total	164	2890979	201	3354273	70	947641	2890979	3354273	947641
In per cent	37,7		46,2		16,1				

List of additional activities supported under Measure 2.4. ‘Diversification of agricultural activities and activities close to agriculture activities to provide multiple activities or alternative incomes’ in accordance with official classification of business activities

SECTION A AGRICULTURE, HUNTING AND FORESTRY	17.22.Z Woollen-type weaving
01.41.A Agricultural service activities	17.23.Z Worsted-type weaving
01.41.B Landscape gardening related service activities	17.25.Z Other textile weaving
01.42.Z. Animal husbandry service activities, except veterinary activities	17.40.A Manufacture of made-up textile articles, except apparel and service activities
02.02.Z. Forestry and logging related service activities	17.40.B.00 Repair of canvas articles and camp equipment related service activities
SECTION D MANUFACTURING	17.51.Z Manufacture of carpets and rugs
15.11.Z Production of meat except poultrymeat and rabbitmeat	17.52.A Manufacture of cordage, rope, twine and netting except service activities
15.12.Z Production of poultrymeat and rabbitmeat	17.52.B. Manufacture of cordage, rope, twine and netting related service activities
15.13.A Production and preserving of meat, production of pluck and giblets and blood	17.53.Z Manufacture of non-wovens and articles made from non-wovens, except apparel
15.13.B Productiona of meat products related sercnice activities	17.54.Z Manufacture of other textiles n.e.c.
15.31.Z Processing and preserving of potatoes	17.60.Z Manufacture of knitted and crocheted fabrics
15.33.A Processing and preserving of fruit and vegetables n.e.c., except service activities	17.72.Z Manufacture of knitted and crocheted pullovers, cardigans and similar articles
15.41.Z Manufacture of crude oil and fats	18.10.Z Manufacture of leather clothes
15.51.Z Operation of dairies and cheese making	18.21.Z Manufacture of workwear
15.52.Z Manufacture of ice cream	18.22.A Manufacture of other men’s outerwear
15.61.Z Manufacture of grain mill products	18.22.B Manufacture of other woman’s outerwear
15.71.Z Manufacture of prepared feeds for farm animals and fish	18.23.Z Manufacture of underwear
15.72.Z Manufacture of prepared pet foods	18.24.Z Manufacture of other wearing apparel and accessories n.e.c.
15.81.A Manufacture of bread	18.30.Z Dressing and dyeing of fur; manufacture of articles of fur
15.81.B Manufacture of fresh pastry goods and cakes	19.10.Z Tanning and dressing of leather
15.85.Z Manufacture of macaroni, noodles, couscous and similar farinaceous products	19.20.Z Manufacture of luggage, handbags and the like, saddlery and harness
17.12.Z Preparation and spinning of woollen-type fibres	20.10.A Sawmilling and planing of wood
17.13.Z Preparation and spinning of worsted-type fibres	20.10.B Impregnation of wood related sercnice activities
17.14.Z Preparation and spinning of flax-type fibres	20.20.Z Manufacture of veneer sheets; manufacture of plywood, laminboard, particle board, fibre board and other panels and boards
17.17.Z Preparation and spinning of other textile fibres	20.30.Z Manufacture of builders' carpentry and joinery

20.40.Z Manufacture of wooden containers
20.51.Z Manufacture of other products of wood
20.52.Z Manufacture of articles of cork, straw and plaiting materials
21.21.Z Manufacture of corrugated paper and paperboard and of containers of paper and paperboard
21.25.Z Manufacture of other articles of paper and paperboard n.e.c.
25.22.Z Manufacture of plastic packing goods
25.23.Z Manufacture of builders' ware of plastic
25.24.Z Manufacture of other plastic products
26.13.Z Manufacture of hollow glass
26.21.Z Manufacture of ceramic household and ornamental articles
26.25.Z Manufacture of other ceramic products
26.30.Z Manufacture of refractory ceramic products
26.40.Z Manufacture of bricks, tiles and construction products, in baked clay
26.70.Z Cutting, shaping and finishing of ornamental and building stone
26.81.Z Production of abrasive products
26.82.Z Manufacture of other non-metallic mineral products n.e.c.
28.11.C Manufacture of metal structures and parts of structures related service activities
28.12.Z Manufacture of builders' carpentry and joinery of metal
28.22.Z Manufacture of central heating radiators and boilers
28.51.Z Treatment and coating of metals
28.52.Z General mechanical engineering
28.61.Z Manufacture of cutlery
28.62.Z Manufacture of tools
28.63.Z Manufacture of locks and hinges
28.71.Z Manufacture of steel drums and similar containers
28.72.Z Manufacture of light metal packaging
28.73.Z Manufacture of wire products
28.74.Z Manufacture of fasteners, screw machine products, chain and springs
28.75.A Manufacture of metal products appropriate for kitchen and bathroom
28.75.B Manufacture of other fabricated metal products n.e.c.

29.24.B. Installation, conservation and repairation of general purpose machinery n.e.c. related service activities
29.32.B. Installation, conservation and repairation of other agricultural and forestry machinery related service activities
31.10.B. Installation, conservation and repairation of electric motors, generators and transformers related service activities
31.62.B. Installation, conservation and repairation of electrical equipment n.e.c.related service activities
35.12.Z Building and repairing of pleasure and sporting boats
35.50.Z Manufacture of other transport equipment n.e.c.
36.11.Z Manufacture of chairs and seats
36.12.Z Manufacture of other office and shop furniture
36.13.Z Manufacture of other kitchen furniture
36.14.A Manufacture of other furniture except service activities
36.14.B Finisz furniture off related service activities
36.50.Z Manufacture of games and toys
36.61.Z Manufacture of imitation jewellery
36.62.Z Manufacture of brooms and brushes
36.63.Z Other manufacturing n.e.c.
37.10.Z Recycling of metal waste and scrap
37.20.Z Recycling of non-metal waste and scrap
SECTION F CONSTRUCTION
45.11.Z Demolition and wrecking of buildings; earth moving
45.21.A Realization of building operations connection with raising of buildings
45.22.Z Erection of roof covering and frames
45.25.A Raising of scaffolding
45.25.B Building operations connection with ground-work
45.25.D Bricklaying
45.31.A Installation of electrical wiring and fittings
45.31.B Installation of electrical and signaling wiring and fittings
45.33.A Installation of central heating and ventilation system
45.33.B Plumbing
45.34.Z Other building installation

45.41.Z Plastering
45.42.Z Joinery installation
45.43.A Floor and wall covering
45.43.B Stucco work
45.44.A Painting
45.44.B Glazing
45.45.Z Other building completion
SECTION G WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES, MOTORCYCLES AND PERSONAL AND HOUSEHOLD GOODS
50.20.A Maintenance and repair of motor vehicles
50.20.B Road assistance and other motor vehicles service activities
52.61.Z Retail sale via mail order houses
52.71.Z. Repair of boots, shoes and other articles of leather
52.72.Z Repair of electrical household goods
52.73.Z. Repair of watches, clocks and jewellery
52.74.Z Repair of personal and household articles n.e.c.
SECTION H HOTELS AND RESTAURANTS
55.10.Z Hotels
55.21.Z. Youth hotels and mountain refuges
55.22.Z Camping sites, including caravan sites
55.23.Z Other provision of lodgings n.e.c.
55.30.A Restaurants
55.30.B Other gastronomic institutions
55.52.Z Catering
SECTION I TRANSPORT, STORAGE AND COMMUNICATION
60.23.Z Other land passenger transport
60.24.A Freight transport by road using special vehicle
60.24.B Freight transport by road using universal vehicle
61.10.B Coastal water transport
61.20.Z Inland water transport
63.12.C Other Storage and warehousing
63.30.A Activities of travel agencies and tour operators
63.30.D Other tourist assistance activities
SECTION K REAL ESTATE, RENTING AND BUSINESS ACTIVITIES

71.10.Z Renting of automobiles
71.21.Z Renting of other land transport equipment
71.22.Z Renting of water transport equipment
71.31.Z Renting of agricultural machinery and equipment
71.32.Z Renting of construction and civil engineering machinery and equipment
71.40.Z Renting of personal and household goods
72.10.Z Hardware consultancy
74.12.Z Accounting, book-keeping and auditing activities; tax consultancy
74.14.A Business and management consultancy activities
74.70.Z Industrial cleaning
SECTION N HEALTH AND SOCIAL WORK
85.20.Z Veterinary activities
85.31.B Social work activities with accommodation
85.32.A Infants' day nursery
SECTION O OTHER COMMUNITY, SOCIAL AND PERSONAL SERVICE ACTIVITIES
90.02.Z Collection and treatment of waste
92.33.Z Fair and amusement park activities
92.34.Z Other entertainment activities n.e.c.
92.51.B Non-public library and archives activities
92.72.Z Other recreational activities n.e.c.
93.01.Z Washing and dry-cleaning of textile and fur products
93.02.Z Hairdressing and other beauty treatment
93.04.Z Physical well-being activities

The procedures of selection of project to be implemented

Projects to be implemented within SOP are selected in two main systems: order of submission of application system and project selection system.

For Measures:

- 1) 1.1. 'Investments in agricultural holdings',
- 2) 1.2. 'Setting up of young farmers',
- 3) 2.4. 'Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes',
- 4) 2.6. 'Development and improvement of technical infrastructure related to agriculture',
- 5) 2.1. 'Restoring forestry production potential damaged by natural disasters...'

projects fulfilling the eligibility criteria and with positive results of evaluation (formal and substantial) will be accepted for implementation in the order of submission of the applications, depending on the available funds.

Projects submitted under Measure 1.5. '**Improving the Processing and Marketing of Agricultural Products**' are implemented in the order of their submission, after receiving opinion of the SOP Steering Committee with regard to the lists of projects previously positively evaluated by ARMA services. Such a solution was adopted taking into account the strategic significance of the processing sector and relatively high value of the public resources involved in the implementation of particular projects.

Projects concerning Measure 2.5. '**Agricultural water resources management**' are accepted for implementation after the relevant Regional Steering Committee gives its opinion on the list of these projects (drawn up for each voivodeship according to the order of submission of applications or economic evaluation).

Selection of projects to be implemented, which were submitted under the measures: 1.3. '**Training**', 1.4. '**Support for agricultural advisory services**', 2.3. '**Rural renewal and the preservation and protection of cultural heritage**', 2.7. '**Leader + type measure**' and 2.2. '**Land re-parcelling**' are carried out on the basis of objective, measurable criteria, defined separately for each Measure, under Description of Measures in SOP Complement.

In case of the above mentioned measures, the classification of the project is established on the basis of points granted by:

- 1) relevant working group of SOP Steering Committee (Measure 1.3. '**Training**' and 1.4. '**Support for agricultural advisory services**'),
- 2) implementing institution (Measure 2.2. '**Land re-parcelling**'),
- 3) implementing institution with participation of the Regional Steering Committee (Measure 2.3. '**Rural renewal and the preservation and protection of cultural heritage**'),
- 4) implementing institution with participation of a working group of the SOP Steering Committee (Measure 2.7. '**Leader + type measure**').

The ranking lists of the projects are transferred to:

- 1) the SOP Steering Committee – in case of Measures 1.3. '**Training**', 1.4. '**Support for agricultural advisory services**' and 2.7. '**Leader + type measure**'

2) Relevant Regional Steering Committee – in case of Measures 2.2. **‘Land re-parcelling’**, 2.3. **‘Rural renewal and the preservation and protection of cultural heritage’**,

3) which shall recommend their implementation by the relevant implementing institution.

In case of project lists for Measures: 2.2. **‘Land re-parcelling’**, 2.3. **‘Rural renewal and the preservation and protection of cultural heritage’** and 2.5. **‘Agricultural water resources management’** RSC may recommend the Voivodeship Board to modify the order of the projects on the particular list. Such a suggestion shall be justified in writing. The Voivodeship Board decides on the final order of the projects on the list and indicates the projects to be implemented; if the final list of projects differs from the one proposed by the RSC, the Voivodeship Board’s decision shall be justified in writing.

In the case of lists of projects for Measure 2.5. ‘Agricultural water resources management’ The Steering Committee may recommend changing the order of project in a list to a Voivodship Marshal. This recommendation must be justified in writing. Voivodship Marshal finally decides on the order of the projects in the list and indicates projects intended for implementation. If the final list of projects differs from the one suggested by the Steering Committee, Marshal justifies changes of order in the list in writing.

Selection of the projects to be implemented under Priority III **‘Technical Assistance’** is carried out according to the guidelines defined by SOP Steering Committee. A proposed list of the projects to be implemented shall be drawn up by the working group of SOP Steering Committee. The list is recommended for the implementation by SOP Steering Committee.

Force majeure circumstances

Force majeure shall include any and all incidental events beyond the control of parties to a contract, which cannot be overcome despite of all the due care, and in particular:

- 1) natural disasters such as: storm and related phenomena (atmospheric discharges, winds, heavy precipitations, hail), flood, freshet, hurricane or tornado, drought, fire, earthquake, landslide, avalanche, extreme thermal conditions, pest invasion,
- 2) strikes, terrorist operations, wars, riots or other social disturbances,
- 3) epidemics and epizootic diseases, individual cases of dead or infected animals resulting in culling,
- 4) expropriation of a real estate, if it was impossible to anticipate it at the moment of contracting the obligation,
- 5) accidents or breakdowns leading to damaging buildings, constructions or objects to the extent making impossible to use them according to the objective of the project, and thefts which occurred without fault of the beneficiary,

If the beneficiary is a natural person, the following events shall also be considered as cases of **force majeure**:

- 1) death of the beneficiary. In this case a contract for project co-financing shall expire automatically, unless testators of the beneficiary wish to continue the project and to assume his obligations,
- 2) incapacity to work due to a sickness or an accident, proved by the beneficiary.

Types of projects to which the principles of de minimis aid or training aid apply.

Measure number and title	Types of projects in the frames of SOP Measures	Type of aid	Letter of approval	Duration
1.3. „Training”	Training in the frames of Measure 5. „Afforestation of agricultural land” in the frames of RDP	Training aid		till 31.12. 2008 r.
1.4. „Supporting agricultural advisory and extension services”	Projects implemented Only in the frames of Measure 5. „Afforestation of agricultural land ” in the frames of RDP and Measure 2.4. „Diversification of agricultural activities... ” <i>in the frames of SOP</i>	de minimis		till 31.12. 2008 r.
2.4. „Diversification of agricultural activity and agricultural related activities in order to ensure diversification of activities or alternative income sources”	All kinds of project except the projects relating to production, processing and marketing of products listed in Annex I to the Treaty and the projects relating to transport activity.	de minimis		till 31.12. 2008 r.
2.7. „Leader + type measure”	Training in the frames of Measure	Training aid		do 31.12. 2008 r.