



Comparison of IPARD I and IPARD II Programmes as a Source of Rural Development Financing in Turkey

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ARTICLE INFO	ABSTRACT
<p><i>Research Article</i></p> <p>Received : 25/07/2018 Accepted : 29/11/2018</p> <p>Keywords: IPARD programme Rural development financing Comparison Supporting systems Konya</p>	<p>European Union (EU) uses The Instrument for Pre-accession Assistance (IPA) to prepare candidate and potential candidate countries for EU membership. One of the five components of IPA is rural development (IPARD). IPARD funds provide financing to develop production standards of agricultural establishments for competing with other establishments in EU member states. For this purpose, in Turkey IPARD I programme was applied between 2007 and 2013 and IPARD II programme was prepared to apply from 2014 to 2020. The purpose of this study is comparing structural differences of IPARD I and IPARD II programme which are important tools to increase competitiveness of agricultural establishments in Turkey. The main material of the study was IPARD I and IPARD II programs. In the study, firstly, the support given within the scope of IPARD programs were presented as tables and graphs. Structural differences between the two programmes were examined under three headings; targets of programmes, budgets of programmes and eligibility criteria. In the result of this study, changes and the actual statue of this important financial tool was revealed. Most important changes were public aid rates and new supporting sectors. Regarding to the public aid rates, while the highest rate was 65% in IPARD I, it is 70% in IPARD II. Also an additional 10% can be given for investments in effluent storage and waste management for benefit of the environment in IPARD II. In IPARD II; egg production, mushroom cultivation, machinery parks and renewable energy plants sectors are added to supporting sectors.</p>



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Introduction

European Union (EU) uses The Instrument for Pre-accession Assistance (IPA) to prepare candidate and potential candidate countries for EU membership. IPA consists of five components which are: transition assistance and institution building, cross-border cooperation, regional development, human resources development, rural development (Akin, 2008). Rural development component (IPARD) funds provide financing to develop production standards of agricultural establishments in candidate countries for competing with other establishments in EU member states. For this purpose, the IPARD I programme was applied between 2007 - 2013 and IPARD II programme was prepared to be applied from 2014 to 2020 in Turkey. IPARD II programme has been implementing in 42 provinces by Ministry Of Agriculture And Forestry (MOAF) and Agriculture and Rural Development Support Institution (ARDSI), as it was in IPARD I.

In this study; structural differences of IPARD I and IPARD II programme which are important tools to increase competitiveness of agricultural establishments in Turkey

were compared. Structural differences between the two programmes were examined under three headings; targets of programmes, budgets of programmes and eligibility criteria.

Material and Methods

The main material of the study was IPARD I and IPARD II programs. The current versions of the programs were provided from the official website of ARDSI. The resources of the Ministry of Agriculture and Forestry and other related studies were used as secondary sources.

In the study, firstly, the support given within the scope of IPARD programs were presented as tables and graphs. The comparison of IPARD I and IPARD II programs was done according to targets and budgets of programs and eligibility criteria of measures. In comparison, the structural differences of the IPARD II program, which differed from the IPARD I program, were revealed. Tables and graphs were used for comparison.

Distributed IPARD Supports

The IPARD I program was put into force by the European Commission on 25 February 2008. The ARDSI established to distribute IPARD funds was accredited on 29 August 2011 (Anonymous 2015b).

Within the scope of IPARD I program, 1 time call for Technical Support and 15 times project application call announcement were made. The statistics of these calls were presented in Table 1. When Table 1 was examined, the recognition of the ARDSI and the number of applications taken increased in each call. Within the scope of IPARD I, 16.612 projects were received and 11.289 of these projects were contracted. The contracting rate of the projects was approximately 68%.

The distribution of the number of projects taken under IPARD I according to the measures was given in Table 2. As seen on Table 2; 62% of the project applications on the investments to the meat and milk producing enterprises have been contracted and approximately 90% of the contracted projects have been finalized. 59% of the project applications on the investments to processing and marketing of meat, milk, fruit and vegetables and fishery products have been contracted and 88% of the contracted projects have been finalized. 70% of the project applications on the investments to the diversification of farm activities have been contracted and 96% of the contracted projects have been finalized.

1 billion 45 million € (99.3% of 1 billion 52 million € sums of which is 789 million € EU and 263 million € TR contribution under IPARD I Programme) has been paid to the beneficiaries in line with the Programme targets (Anonymous, 2018).

The budgets allocated on the basis of measures and expense amounts are seen in Figure 1. Budget expense amount rate for the investments to the meat and milk producing enterprises (Measure 101) is 99.3%, for the investments to processing and marketing of meat, milk, fruit and vegetables and fishery products (Measure 103) is 99.9% and for the investments to diversification of farm activities (Measure 302) is 98.6%.

The distribution of the number of projects taken under the first project application call of IPARD II according to the measures was given in Table 3.

The number of project applications taken in the first call period of IPARD II was higher than half the number of total project applications taken in IPARD I.

The budget of 8,786 applications taken on the first call of the IPARD II program was well above the budget allocated for the first call. Of these applications, 1.639 contracts were signed and the contract signing rate was 18.65%.

Comparison of IPARD I and IPARD II Programmes

Targets of Programmers

According to the IPARD I, three priorities was identified. These were: (1) sustainable development of agriculture and rural sector; (2) preparation of Turkey for future implementation of the Common Agriculture Policy (CAP) as well as alignment with the acquis in the area of food safety, veterinary and phytosanitary policy; (3) preparation of Turkey for implementation of agri-environment measures and LEADER approach.

Table 1 Number of projects and amount of the grant according to call periods (IPARD I)*

CN	PAT	CA	AGP
TS	36	28	2.714.579
1	41	4	964.882
2	207	58	25.525.856
3	150	91	50.057.478
4	137	52	20.666.316
5	111	46	20.558.418
6	127	44	19.471.796
7	105	43	23.765.939
8	241	111	51.905.706
9	1.627	981	240.153.652
10	635	417	71.656.098
11	5.845	4.592	622.685.533
12	2.492	1.685	769.796.475
13	3.650	2.322	401.911.723
14	735	526	555.581.130
15	473	289	270.285.212
TOTAL	16.612	11.289	3.147.700.793

*Source: Anonymous (2017), CN: Call Number, TS: Technical Support, PAT: Project Applications Taken, CA: Contracted Applications, AGP: Amount of Grant Paid (TL)

Table 2 Number of projects according to the measures (IPARD I)

Measure	PAT	CA	FA
101 - Meat and Milk Producing			
Milk Producing	2.119	1.236	1.088
Meat Producing	1.812	1.211	1.105
Total	3.931	2.447	2.193
103 - Processing of Milk, Meat, Fruit, Vegetable and Fishery Products			
Milk Processing	324	192	165
Meat Processing	225	127	113
Fruit and Vegetable Processing	240	151	141
Processing of Fishery Products	43	25	19
Total	832	495	438
302 - Diversification of Farm Activities			
Diversification	10.413	7.508	7.292
Local Products and Handcrafts	653	370	327
Rural Tourism	675	412	355
Aquaculture	68	29	21
Total	11.809	8.319	7.995

*Source: Anonymous (2018), PAT: Project Applications Taken, CA: Contracted Applications, FA: Finalized Applications

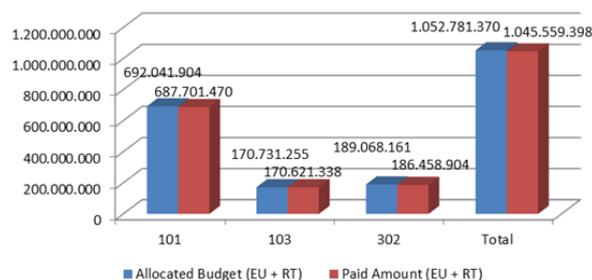


Figure 1 Allocated budget and paid amount graph by measures (IPARD I)

IPARD II is also based on same targets as IPARD I. But as compared with IPARD I, IPARD II is tending toward competitiveness, environment, sustainable development, natural resources, climate change and renewable energy subjects.

The Europe 2020 strategy emphasizes smart, sustainable and inclusive growth. Sustainable growth strategy aim is to productive usage of natural resources, greener and more competitive economy (Soylu, 2011; Yılmaz, 2010). As EU's other new term programmes (HORIZON 2020, COSMO, LIFE etc.), this strategy of EU clearly effects tended toward subjects of IPARD II.

Budgets of Programmes

While IPARD I programme had 789.6 million €, IPARD II programme has 801 million €. Budget increase rate of IPARD II programme is 1.42%. Programme budgets are given in Table 4 by years.

When the budget distribution graph is examined (Figure 2), budget differences between application years are seen. In both programmes, yearly budgets rise twice after the first three years for the next four years. It is reason might be, increase in recognition of programmes and enhancement of project preparation capacity of the region by years after programmes started to implement.

When the indicative allocation of EU contribution by measures are examined (Table 5); in both programmes, highest amounts are allocated to measures in order of investments in physical assets, investments in physical assets concerning processing and marketing of agricultural and fishery products of agricultural holdings, farm diversification and business development.

While the highest increase rate of EU contribution is 662.86% in the measure of agri-environment-climate and organic farming, the highest decrease rate of EU contribution is 20.70% in the measure of investments in physical assets of agricultural holdings. In IPARD II, a budget was created for measures of implementation of local development strategies – LEADER approach and investments in rural public infrastructure which was not created in IPARD I (Figure 3).

Eligibility Criteria of Measures

In IPARD II, sector approach is adopted and the sub-measure concept was left. The energy requirements of the agricultural holding at the end of the investment can be provided by the renewable energy installation in IPARD II.

Motorized vehicles as a transportation equipment was an eligible expenditure in IPARD I, but in IPARD II it is a no more eligible expenditure. In IPARD I, all supplies purchased should be originated from an eligible country (a member state of the EU, a member state of the European Economic Area (EEA), an official candidate country or potential candidate etc.). However, in IPARD II, they may originate from any country when the amount of the supplies to be purchased is below the threshold for the use of the competitive negotiated procedure (currently 100,000 €).

Programmes were compared below by measures. IPARD II measure names were used for comparison because of including additional measures different from IPARD I.

Table 3 Number of projects according to the measures (IPARD II)*

Measures	PAT	CA	AG
101 - Meat and Milk Producing	2.348	536	553.096.110
103 - Processing of Milk, Meat, Fruit, Vegetable and Fishery Products	135	68	100.811.759
302 - Diversification of Farm Activities	6.306	1035	199.121.411
Total	8.786	1639	853.029.280

*Source: Anonymous (2017), PAT: Project Applications Taken, CA: Contracted Applications, AG: Amount of Grant (TL)

Table 4 Maximum EU contribution for IPARD I VE IPARD II funds (million €)*

	1. Year	2. Year	3. Year	4. Year	5. Year	6. Year	7. Year	Total
IPARD I	20.7	53	85.5	131.3	172.5	187.4	204.2	789.6
IPARD II	69	69	69	148	148	149	149	801

*Source: Anonymous (2008, 2015a)

Table 5 The indicative allocation of EU contribution by measure IPARD I & IPARD II**

Measures*	EU Contribution (million €)		Increase Rate (%)
	IPARD I	IPARD II	
Investments in Physical Assets of Agricultural Holdings	424.25	336.42	-20.70
Support for the Setting up of Producer Groups	0.00	0.00	-
Investments in Physical Assets Concerning Processing and Marketing of Agricultural and Fishery Products	184.05	176.22	-4.25
Agri-Environment-Climate and Organic Farming	2.10	16.02	662.86
Implementation of Local Development Strategies – LEADER Approach	0.00	24.03	-
Investments in Rural Public Infrastructure	0.00	80.10	-
Farm Diversification and Business Development	171.41	152.19	-11.21
Improvement of Training	0.00	0.00	-
Technical Assistance	7.83	16.02	104.56
Advisory Services	0.00	0.00	-
Establishment and Protection of Forests	0.00	0.00	-
Total	789.63	801.00	1.44

*IPARD II measure names were used because of including additional measures different from IPARD I, **Source: Anonymous (2008, 2015a)

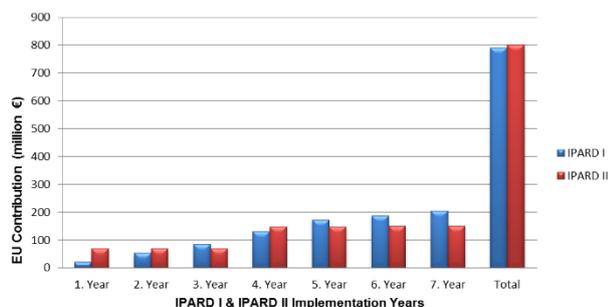


Figure 2 Maximum EU contribution for IPARD I & IPARD II funds by years

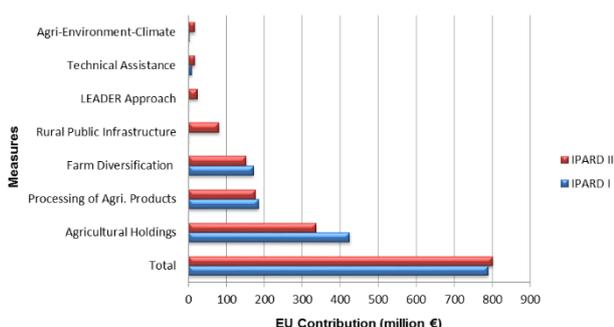


Figure 3 The indicative allocation of EU Contribution by the measure for IPARD I & IPARD II

Investments in physical assets of agricultural holdings:

While this measure was named as “Investments in Agricultural Holdings to Restructure and to Upgrade to Community Standards” in IPARD I, it was named as “Investments in Physical Assets of Agricultural Holdings” in IPARD II. So it was seen that in IPARD II emphasis on “to Upgrade to Community Standards” was abrogated.

In addition to specific eligibility criteria in IPARD I, new criteria are launched in IPARD II: milking water buffalo raising minimum 5, maximum 50 heads; water buffalo (for red meat) raising minimum 10, maximum 50 heads; laying hens minimum 20,000, maximum 100,000 eggs (only existing agricultural holdings active in egg production without increasing their capacity are eligible.); geese (for poultry meat) raising minimum 350, maximum 3,000 heads.

Public aid under this measure is increased from 50-65% (IPARD I) to 60-70% in IPARD II. When tax exemption is taken to consider in EU projects, agricultural holdings have a cost advantage from 8% to 18% according to market conditions. An additional 10% can be given for investments in effluent storage and waste management for benefit of the environment.

Ranking criteria, which are used for objective selection of projects, are totally changed in IPARD II. Ranking criteria used under this measure are scored by the final animal capacity of agricultural holdings at the end of the investment; the amount of total eligible expenditures, gender and residing of the applicant or its legal representative (for legal entities); including renewable energy investment.

The maximum and minimum limits of the total value of eligible investments per project are minimum 20.000 € (in some sub-measures it was 15.000 € in IPARD I) and maximum 1.000.000 € (the upper limit for poultry is

500.000 €, the upper limit for geese farms is 250.000 €) in IPARD II.

In IPARD II, the total capacity of the agricultural holdings owned by the applicant, which operate in the same sector is calculated at the district level. In IPARD I, the total capacity was calculated at village level or smaller settlements.

Support for the setting up of producer groups: This measure was not accredited in IPARD I, because of current organizational structure and administrative problems of producer groups. In IPARD II, it is mentioned that this measure will be introduced after the completion of technical and regulatory studies.

Investments in physical assets concerning processing and marketing of agricultural and fishery products: While this measure was named as “Investments in Processing and Marketing of Agricultural and Fishery Products to Restructure Those Activities and Upgrade them to Community Standards” in IPARD I, it was named as “Investments in Physical Assets Concerning Processing and Marketing of Agricultural and Fishery Products” in IPARD II. So it was seen that in IPARD II emphasis on “to Restructure Those Activities and Upgrade Them to Community Standards” was abrogated.

In IPARD I, the new enterprise was eligible in all meat processing sectors. But in IPARD II, the new enterprise is eligible only in red meat slaughterhouses and red meat cutting plants. Investments of poultry slaughterhouses, red meat and poultry meat processing establishments, for the capacity increase of enterprises are not eligible and the establishment of new processing enterprises are not supported.

In terms of specific eligibility criteria, for slaughtering minimum and the maximum number of head per day is revised in IPARD II. If only slaughtering cattle and water buffalo, a minimum of 30 and maximum 500 heads per day; if only slaughtering sheep and goats, a minimum of 50 and a maximum of 4.000 heads per day; in case slaughtering cattle, water buffalo, and sheep/goat in the slaughterhouse, maximum and minimum limits stated for cattle, water buffalo and sheep/got should be met. For poultry slaughterhouses, geese slaughtering is added in IPARD II which have the capacity of minimum 100 and maximum 1000 geese per hour.

As distinct from IPARD I, IPARD II has an exception, applicable only for milk collection centres, an applicant may submit a proposal under a single call, for setting up to five milk collection centres in the same province provided that the total capacity will not exceed 70 tons/day and the total eligible investments value does not exceed 1.000.000 Euro.

In IPARD II, public aid under this measure is 50% same as IPARD I. But for investments relating to the treatment of the effluents and waste management, the maximum aid intensity will be 60% in IPARD II.

While ranking criteria were on the bases of sub-measures in IPARD I, it is on the base of measure in IPARD II. Ranking criteria used under this measure are scored by: Being an existing enterprise; being a producer organization; the amount of total eligible expenditures; including processing of waste or by-products or generation of renewable energy.

The minimum limit of the total value of eligible investments per project is minimum 20.000 € (it was varied according to sub-measures IPARD I) in IPARD II. The maximum limit of the total value of eligible investments per project is same in both programmes which are 3.000.000 € for the milk and meat sectors, 1.000.000 € for milk collection centres, 1.250.000 € for fruit and vegetables and 1.500.000 € for fish processing.

In IPARD II, the total capacity of the agricultural holdings owned by the applicant, which operate in the same sector is calculated at province level. In IPARD I, the total capacity was calculated at village level or smaller settlements.

Agri-environment-climate and organic farming: As it was in IPARD I, this measure will be applied in pilot province and districts in IPARD II.

Support will be available for natural and legal persons who are registered under the Farmery Registry System and who on a voluntary basis make the agri-environmental commitments for the land management for 5 years. The minimum size of the agricultural parcel in respect of which an application may be made is 0.2 ha and the minimum size of the land applied for the support is 1 ha.

Public aid will be at the level of 100% of the total eligible costs. Payments per ha will be decided during the implementation phase. Participating in compulsory training, farm labour costs; advisors costs; preparing farm records, farm labour costs are eligible expenditures.

Implementation of local development strategies – leader approach: LEADER approach addresses all types of rural areas, has an area-based approach, a local development strategy conceived and implemented by a Local Action Group (LAG, a public-private partnership), addresses all types of actions (in agriculture, environment, the wider rural economy, the quality of life, cultural resources) both of an economic and social character, in an integrated and multisectoral way, privileging innovative actions, the transfer of knowledge between rural groups through networking and cooperation, and receiving a global allowance that the group allocates according to its own priorities.

In Turkey, two pilot Local Action Groups were established in Birecik district of Şanlıurfa province and Iskilip district of Çorum province under LEADER measure of IPARD I programme. In IPARD II supports will be started in these two pilot regions.

Investments in rural public infrastructure: This measure was not taken part in IPARD I. It will be applied first in IPARD II. Objectives of measure are;

- To cut operational costs regarding energy consumption of basic infrastructure of local administrations
- To increase the share of environmentally friendly energy in total electric production to contribute efforts for prevention of climate change
- To increase public awareness of toward renewable energy sources.

The public authorities are eligible to apply for this measure and these are; village administrations, county municipalities, district municipalities, province municipalities, local government associations under the Law No. 5355 (unions of village service delivery, unions

for solid waste management, unions for tourism infrastructure service etc.), special provincial administrations, administrations of agricultural based specialized organized industrial zones (which are established according to article 26/A of law no. 4562). Renewable energy investment with a capacity up to 1 MW (for micro-cogeneration investments up to 100 kWe) shall be supported. All kinds of renewable energy activities (except hydro) for generation of electricity, heat, light, gas etc. are eligible including; bio-fuel, biogas, bio-mass, concentrated solar power, geothermal, power solar, thermal solar, photovoltaic, wind pumps, wind turbines and any combinations of the above are eligible expenditures.

This measure shall be implemented in rural areas that have the population less than 10,000 inhabitants of the provinces under the IPARD II programme. The maximum amount of public aid shall be up to 100% (85% EU, 15% national funds) of total eligible expenditure per investments not of a nature to generate substantial net revenue; for other investments in rural infrastructure, it shall be up to 50%. Maximum eligible expenditure amount per investment is limited to 1.2 million €.

Farm diversification and business development: In IPARD I, final recipients for this measure were natural persons in rural areas and private legal entities in rural areas. Additionally, one more final recipient was defined in IPARD II: farmers or members of the farm household diversifying on or off-farm activities. These are natural persons as defined in Article 3 of Law 5488. Farmers and/or their household members are eligible beneficiaries in rural areas and in urban areas in some cases specified per sector.

As it was in IPARD I, the location of the investments have to be in a rural area for this measure in IPARD II. But there is two exceptions of this rule in IPARD II. The first exception is; farmers as natural persons with no other economic activities or members of their households who are investing in the diversification of plant production, processing and marketing of plant products; or beekeeping and production, processing and marketing of honey; or crafts and artisanal added value products; or aquaculture. The second exception is, natural persons living in rural areas who are willing to establish restaurants as an extension of their investment in aquaculture or who are willing to establish selling points (outlets) as an extension of their investments in crafts and artisanal added value products. Investments of these two exceptions can be out of the rural area.

In diversification of plant production, processing and marketing of plant products sector, investments that including ornamental plants, medicinal and aromatic plants, seedling and sapling are eligible in IPARD II as it was in IPARD I. Investments that including mushroom, bulb and micelle are eligible in IPARD II different form IPARD I. According to IPARD II, the size of the open area should be maximum 2 ha (except medicinal and aromatic plants), and the greenhouse size and mushroom/micelle production area should be maximum 1 ha.

For honey and other bee products, the number of hives covered by the investment is limited to minimum 30 (it was 50 in IPARD I) and maximum 500 per recipient to be achieved by the time of final payment claim in IPARD II.

In crafts and artisanal added value products sector, IPARD I had no limitations of the final capacity for milk and meat processing. But in IPARD II, the final capacity of the investments in milk processing shall be maximum 10 tons/day and in meat processing shall be maximum 0.5 tons/day at the end of the investment. Above this capacities, applications have to do within the scope of “Investments in Physical Assets Concerning Processing and Marketing of Agricultural and Fishery Products” measure.

Contents of rural tourism and recreational activities sector are the same in both programmes. Location of the investments has to be in a rural area in IPARD II too.

For aquaculture sector, While micro-sized having up to 10 tons/year build-in production capacity or small sized having minimum over 10 tons/year, maximum 200 tons/year build-in production capacity was eligible in IPARD I, only the capacity of the investment should be between 10 and 200 tons/year is eligible in IPARD II.

Two new sectors are supported in IPARD II under this measure. These are machinery parks and renewable energy plants. Eligible expenditures for machinery parks are construction, renovation or expansion of buildings for storage of machinery and equipment; purchase of agricultural machinery, tools and equipment; purchasing of machinery/equipment and construction work for renewable energy production for self-consumption.

The main objective of renewable energy plants sector is to make the investment in renewable energy production to generate income independent from farm diversification and business development activities. Renewable energy investment with a capacity up to 1 MW (for micro-cogeneration investments up to 100 kWe) shall be supported. All kinds of renewable energy activities (except hydro) for generation of electricity, heat, light, gas etc. are eligible including; bio-fuel, biogas, bio-mass, concentrated solar power, geothermal, power solar, thermal solar, photovoltaic, wind pumps, wind turbines and any combinations of the above are eligible expenditures.

Public aid under this measure is increased from 50% (in IPARD I) to 65% in IPARD II. While the minimum and maximum limits of the total value of eligible investments per project were varied according to sub-measures in IPARD I, it is minimum 5.000 € and maximum 500.000 € for all sectors in IPARD II.

In addition to ranking criteria in IPARD I, new criteria are launched in IPARD II. Ranking criteria used under this measure are scored by having a vocational certificate, diploma or 3 years of experience in the economic activity area; being a producer organization, union, or cooperative; including renewable energy installations, being an existing agricultural holding/enterprise for diversification of plant production and rural tourism sectors, being an existing business, organization, union or cooperative providing maintenance and repair services to agricultural machinery and equipment or providing rental services of such equipment for machinery parks sector; being a natural person living in the area of investment for renewable energy plants sector.

Improvement of training: This measure is a new measure different from IPARD I. In IPARD II, it is mentioned that this measure will be introduced after the completion of technical and regulatory studies.

Technical assistance: The aim of this measure is to assist in particular in the implementation and monitoring of the programme and its possible subsequent modifications. The recipient of activities under this measure is the Managing Authority. As it was in IPARD I, application of this measure will be similar in IPARD II.

Results

Admittedly, agricultural establishment's, which are located in a rural area, the most important problem is financial straits. It is important to provide financing support to enable these establishments to continue their operations and become competitive. For this purpose; the IPARD fund, 75% of which is financed by EU funds and 25% by the Republic of Turkey's own resources, provides grants to establishments.

Since 2011 with IPARD Fund; Grants were provided to 11.289 investors in 42 provinces and a total of 3.15 billion TL grants were paid for investments (Anonymous, 2018). These high grants, distributed through the IPARD I program, increased the interest in the program and received 8,786 applications in the first call of the IPARD II program. The number of project applications taken in the first call period of IPARD II was higher than half the number of total project applications taken in IPARD I.

The budget of 8.786 applications taken on the first call of the IPARD II program was well above the budget allocated for the first call. Of these applications, 1.639 contracts were signed and the contract signing rate was 18.65%.

IPARD II is an important resource for meeting the financing needs of agricultural establishments operating in rural areas because it will continue distributing the high volume of grants just like IPARD I.

Regarding to the public aid rates, while the highest rate was 65% in IPARD I, it is 70% in IPARD II. Also an additional 10% can be given for investments in effluent storage and waste management for benefit of the environment in IPARD II. In addition, it is observed that the investments under IPARD are exempt from tax and that investors gain an advantage over these ratios.

In the event of being EU member state, Turkey will be implementing the CAP. It will reveal the necessity of our agricultural establishments to compete with establishments in the EU Member States. The ability of our agricultural establishments in the rural areas to compete is dependent not only on their economic strength but also on the production according to EU criteria. Besides the financing support, standardized production that can compete with establishments in EU member states is also provided by the obligations that certain EU criteria must fulfil in order to benefit from these grants. From this point of view, IPARD I and IPARD II are important tools for agricultural establishments to increase their competitiveness.

Today, energy is the most important consumption items and an indispensable tool of civilization. Energy consumption is constantly increasing and will continue to increase in Turkey as it is in the worldwide. This situation put forwards “renewable energy” investments that have no adverse effects on the environment unlike fossil fuels, forms a sustainable system without resource depletion problem and enables quality living in the future.

Renewable energy investments to meet establishments energy consumption had been eligible in the last period of IPARD I and now it is also eligible in IPARD II.

Investments in Rural Public Infrastructure measure which was not included in IPARD I provides 100% grant support for renewable energy investments to cut operational costs due to energy consumption. Investments of renewable energy production are supported to generate income under renewable energy plants sector, independent from farm diversification and business development activities. In IPARD II, one of the ranking criteria in measures is renewable energy investments in projects. So the investments that include renewable energy get the extra score and by this way, these projects have a priority to benefit from support.

In IPARD I, all supplies purchased should be originated from an eligible country (a member state of the EU, a member state of the European Economic Area (EEA), an official candidate country or potential candidate etc.). However, in IPARD II, they may originate from any country when the amount of the supplies to be purchased is below the threshold for the use of the competitive negotiated procedure (currently 100.000 €). With this amendment, beneficiaries will be able to prefer the far eastern countries that offer cheaper products at the same quality or countries like the United States of America and Canada that produce different systems and technologies.

In IPARD II; egg production, mushroom cultivation, machinery parks and renewable energy plants sectors are added to supporting sectors. The addition of these sectors is the result of the demands during the implementation of the IPARD I.

In IPARD I, the new enterprise was eligible in all meat processing sectors. But in IPARD II, the new enterprise is eligible only in red meat slaughterhouses and red meat cutting plants. Investments of poultry slaughterhouses, red meat and poultry meat processing the establishments, for the capacity increase of enterprises are not eligible and establishment of new processing enterprises are not supported. The reason for this is reaching sufficient capacity in these sectors and investments that will increase capacity will lead to idle capacity.

Rural development component of IPA, which is the financial aid mechanism created by the EU for the candidate countries, was started to implement by the IPARD I in Turkey. The IPARD II, prepared as a result of experiences gained during the implementation of IPARD I, is aiming to support sustainable and stronger investments that are environmentally and environmentally sensitive and producing their own energy.

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