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Guidelines

**for the implementation of certain provisions of
Commission Delegated Regulation (EU)
2016/1149 and Implementing Regulation (EU)
2016/1150 of 15 April 2016**

**on the National Support Programmes
in the Wine Sector**

Foreword and disclaimer

This guide is aimed at assisting Member States. It is provided for information purposes only and its contents are not intended to replace consultation of any applicable legal sources or the necessary advice of a legal expert, where appropriate. Neither the Commission nor any person acting on its behalf can be held responsible for the use made of these guidance notes nor can they be considered as a binding interpretation of the legislation. Such an interpretation can only be made by the national courts and the Court of Justice of the European Union.

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Table of Abbreviations

BA (CMO Regulation)	Basic Act (Regulation (EU) No 1308/2013 of the European Parliament and of the Council establishing a common organisation of the markets in agricultural products)
CIK	Contributions in kind
DR	Commission Delegated Regulation (EU) 2016/1149
EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
ERDF	European Regional Development Fund
HR	Horizontal Promotion
IR	Commission Implementing Regulation (EU) 2016/1150
Wine NSP	National Support Programmes in the wine sector
MS	Member States
RDP	Rural Development Programmes
OTSC	On-the-spot checks
Promotion in TC	Promotion in third countries
Restructuring	Restructuring and conversion of vineyards
SA	State aid
SSUC	Standard scales of unit costs
§	Paragraph of the present Guidelines

1. INTRODUCTION

1.1. General context

Following the entry into force of Regulation (EU) No 1308/2013 of the European Parliament and the Council¹ (henceforth referred to as BA), the Commission started the recasting of Regulation (EC) No 555/2008², in particular the part corresponding to the national support programmes, pursuing the Commission empowerments to adopt delegated and implementing acts. At the same time, the legal text has been clarified and some elements of simplification were introduced.

In this context, there is a need for updating the Guidelines of 2013 on promotion, investments and restructuring and to complement them with elements necessary for the implementation of the other support measures and of the programme itself.

For this reason, the legal framework governing the national support programmes in the wine sector (wine NSP) has been thoroughly examined in order to provide guidance as to how to correctly apply the relevant provisions of the BA (Section 4 of Chapter II of Title I of Part II of Regulation (EU) No 1308/2013), Commission Delegated Regulation (EU) 2016/1149³ (DR) and Commission Implementing Regulation (EU) 2016/1150⁴ (IR).

1.2. Enhanced need for strategic programming

Eight years after the inception of the wine NSP, it is opportune to reinforce the tools at the disposal of the MS for the support of their wine sector taking into account the results achieved up to date and considering the further goals that need to be reached in the future.

In this context, the recast legal framework provides for an enhanced strategic approach in the use of the wine NSP.

Each support measure should thus be used to attain specific goals that MS decide for their wine sector through the definition of strategic objectives. Those objectives may be assorted with corresponding priority criteria to privilege operations that comply with those strategies as well as with quantified targets to measure the success of the selected approach.

¹ Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007 (OJ L 347, 20.12.2013, p. 671).

² Commission Regulation (EC) No 555/2008 of 27 June 2008 laying down detailed rules for implementing Council Regulation (EC) No 479/2008 on the common organisation of the market in wine as regards support programmes, trade with third countries, production potential and on controls in the wine sector (OJ L 170, 30.6.2008, p. 1).

³ Commission Delegated Regulation (EU) 2016/1149 of 15 April 2016 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards the national support programmes in the wine sector and amending Commission Regulation (EC) No 555/2008 (OJ L 190, p. 1).

⁴ Commission Implementing Regulation (EU) 2016/1150 of 15 April 2016 laying down rules for the application of Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards the national support programmes in the wine sector (OJ L 190, p. 23).

2. HORIZONTAL MATTERS

2.1. Changes to the Wine NSP

BA	Article 41: Submission of support programmes Article 54(a): Empowerment
IR	Article 2: Changes to support programmes

2.1.1. How to submit changes

MS may propose changes to the Wine NSP by submitting the modified programme to the Commission through ISAMM.

The proposed changes are to be introduced in the models set out in Annex I (support programme – ISAMM form number: 00650) and Annex II (financial table – ISAMM form number: 000651) to the IR with respect to the version of the programme in force at the moment of the submission.

MS may introduce a modified Annex I and/or a modified Annex II twice a year, by each of the deadlines set by Article 2(1) IR.

The communication "Modification of the programme" (form number: 000327) should be completed for any modification of Annex I or Annex II. This communication consists in a checklist as well as a table allowing the submission of comments on the measures modified in Annex I, where MS are to include a short explanation justifying each modification as required by Article 2(2)(a) IR. The **accompanying letter** providing more extensive explanations on the proposed modifications is to be uploaded in the same form (see § 2.1.2 "Annex I - Support programme").

If no changes need to be introduced either into Annex I or Annex II, MS should tick on "Nil" in ISAMM in all boxes corresponding to the notification of changes by the relevant deadline.

Where MS envisage submitting changes only to one of the Annexes and not to the other, they should tick on "Nil" in ISAMM in the box corresponding to the Annex that does not need to be changed.

☞ *Changes may be submitted at any moment and will be considered as submitted by the next upcoming deadline for submission of changes. In other words, changes submitted after the deadlines set by Article 2(1) IR will be considered as submitted by the following deadline, by which the Commission will accept no further submission except in case of emergency measures due to natural disasters or other exceptional circumstances as provided for by the second subparagraph of Article 2(1) IR.*

Examples of dates of submission of changes to the wine NSP:

1) Changes submitted on 15.10.2016 will be considered as submitted by 01.03.2017. They will be applicable three months after their submission if the Commission does not have any remarks but no further change possibly introduced at a later date can be considered as submitted by 01.03.2017. A further change submitted on 28.02.2017 will be considered as submitted by 30.06.2017 and no further change can be considered as submitted by that date.

2) *Changes submitted on 02.03.2017 will be considered as submitted by 30.06.2017 and no further change possibly submitted before 30.06.2017 will be considered as submitted by that date (but as submitted by the next deadline).*

2.1.2. Annex I (support programme)

MS should introduce the changes in the text of the Wine NSP in such a way as to make both the previous version and the proposed change recognisable (e.g. track changes, highlighted text).

At the same time with the modified Wine NSP, MS should submit an **accompanying letter** summarizing the changes and the justification thereof. The reasons for the proposed changes should be listed in the accompanying letter by clearly indicating the reference to each change introduced in Annex I (e.g. by indicating the page and/or paragraph number).

2.1.3. Annex II (financial table)

In case of a revision of the financial allocation among the support measures (e.g. due to the introduction or the elimination of a measure into/from the Wine NSP), an updated version of the financial table is to be submitted through ISAMM using the model set out in Annex II to the IR.

Any change of the financial table should be reflected in the technical data concerning the NSP to be notified through Annex IV (ISAMM form number: 000653).

When the change concerns the Information and Promotion measure, Annex V should also be adapted accordingly (ISAMM form number: 000654).

2.1.4. Applicability of the changes to the support programmes

According to Article 41(5) of Regulation (EU) No 1308/2013, the changes to the Wine NSP submitted by the MS become applicable three months after their submission to the Commission.

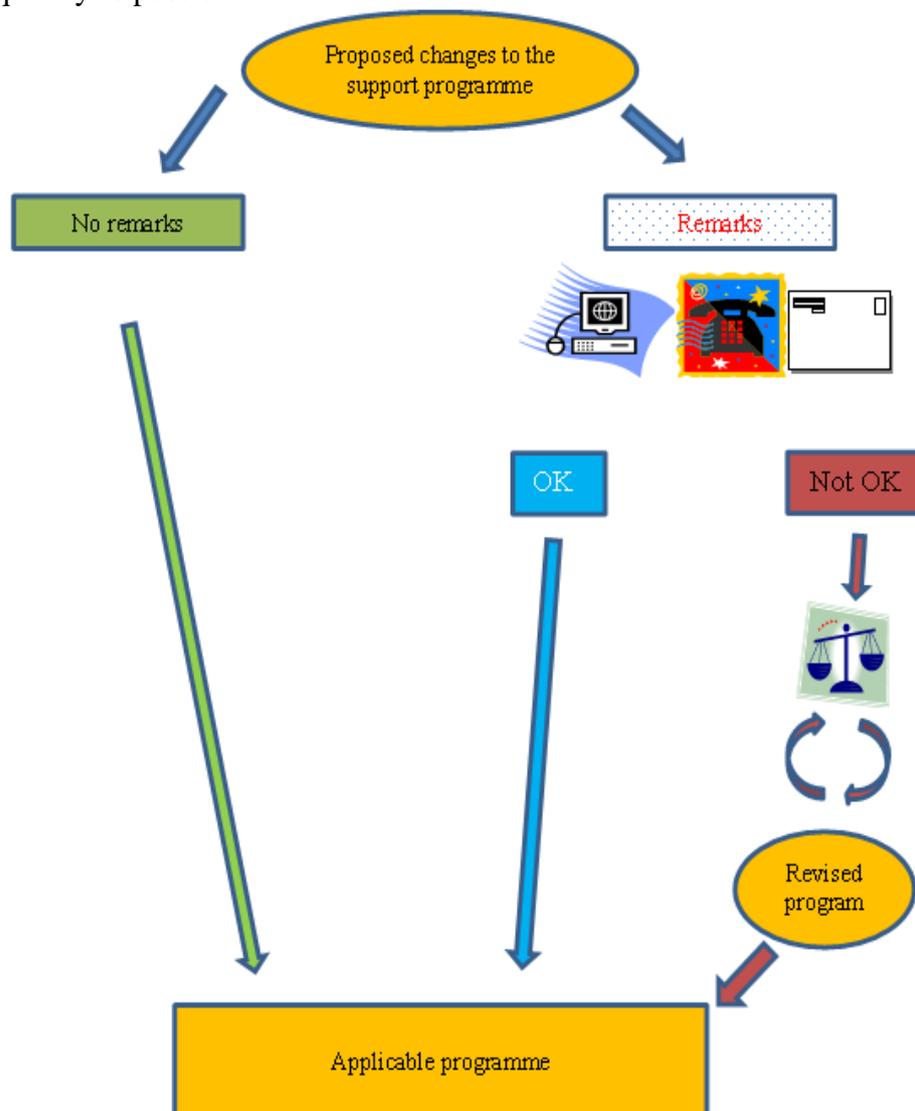
During this period, the Commission examines the proposed changes.

If the Commission does not address any remarks to the MS, the draft changes will be automatically applicable **3 months** after the initial submission date.

In case the examination of the proposed changes reveals non-compliance with EU rules, the Commission may adopt an implementing act establishing the non-compliance of the proposed changes and specifying the reasons thereof. In that case, none of the initially submitted changes to the Wine NSP will become applicable until the submission of a revised version of the changed Wine NSP. That revised version will become applicable **2 months** from the date of the new submission except if the Commission considers that an incompatibility persists and adopts another implementing act requiring an improved revised version.

However, during the initial 3-month period, the Commission will communicate with the MS on an informal basis, through oral or written exchanges (by telephone, email or letter) with the purpose of clarifying and solving possible doubts and problems detected in the proposed

changes on an informal basis. In order to speed up the process and to allow sufficient time in case the implementing act should be eventually adopted, both the Commission and the MS should act and react as quickly as possible.



2.2. Responsibility for expenditure

BA	Article 53(a): Empowerment
DR	Article 2: Responsibility for expenditure

No expenditure made on the basis of any part of a Wine NSP that does not become applicable because is eliminated or changed upon request of revision by the Commission or by decision of the MS, will be reimbursed by the European Agricultural Guarantee Fund (EAGF).

2.3. Structure and content of the Wine NSP (Annex I)

BA	Article 42: Content of support programmes Article 53(b): Empowerment
IR	Article 3: Content of support programmes Annexes I and II

Article 3 IR determines the content of the Wine NSP whose model is set out in Annex I to the IR, which lists all elements that need to be included.

☞ *The 2014-2018 Wine NSP will have to be changed at the earliest opportunity after the adoption of the new DR and IR in order to be adapted to the new rules, including the new structure and content of the Wine NSP. MS should thus adjust their existing Wine NSP to the sequence of points indicated below by using the numbering provided for by Article 3 IR.*

Part A. of Annex I: to be filled in for each of the support measures that a MS activates within its Wine NSP. It requires the description of how the MS envisages implementing the proposed support measure and in particular of the following elements:

(i) a description of the proposed strategy and quantified objectives. MS should indicate the specific strategic priorities they wish to pursue through the implementation of the relevant support measure, expressed in form of objectives. These strategic objectives will be the basis for the additional priority criteria that MS may choose to introduce under point (vii) or for the introduction of restrictions or other conditions, where relevant (see for instance § 5.4. "Conditions for the proper functioning" of green harvesting). Each strategic objective should be linked to at least one indicator (i.e. what is to be measured, e.g. number of third countries reached by promotion operations or number of restructured hectares) and a quantified target (i.e. what is envisaged to be achieved, e.g. at least 15 different third countries over the programming period or 5% of the total vineyard surface in restructured hectares each year) against which the performance of the support measure in terms of each strategic objective should be measured every year (see also § 2.10.1.2. "Annex III - Annual report").

☞ *This performance measurement will only have relevance as indication of the degree of accomplishment of the proposed strategic objectives. The failure to reach the fixed target will have no implications in the measurement of the error rate or in terms of clearance of accounts. It is simply meant as a tool to monitor the performance of the support measure/programme and to correct the programming strategy where required.*

The strategic objectives with the corresponding indicators and quantified target should be reported also in part G. "Criteria and quantitative indicators".

Examples of a) proposed strategy (strategic objectives), b) indicators and c) quantified targets:

1) Information in MS

- i) a) *fostering responsible consumption of quality wines*
 b) *number of operations focussing both on responsible consumption and on the EU quality system with respect to the total number of financed operations during the relevant FY*
 c) *at least 1.000 operations (i.e. in absolute terms) or 75% (i.e. in relative terms) of all financed operations should focus both on responsible consumption and on the EU quality system*
- ii) a) *focus information to professionals (e.g. importers, retailers, restaurants)*
 b) *number of operations focussing on information to professionals with respect to the total number of financed operations during the relevant FY*
 c) *at least XXX operations or XX% of all financed operations should focus on information to professionals*

2) Promotion in TC

- i) a) *multiplication of outlets in third countries*
 b) *number of operations focussing on the opening of new outlets with respect to the total number of financed operations during the relevant FY*
 c) *at least XXX operations or XX% of all financed operations should focus on the opening of new outlets*
- ii) a) *focus on opening of brand new markets*
 b) *number of operations focussing on new markets with respect to the total number of financed operations during the relevant FY*
 c) *at least XXX operations or XX% of all financed operations should focus on new markets*
- 3) *Restructuring and conversion of vineyards*
 - i) a) *increase of productivity of the wine sector*
 b) *number of operations focussing on improvement to vineyard management techniques with respect to the total number of financed operations during the relevant FY*
 c) *at least XXX operations or XX% of all financed operations should focus on improvement to vineyard management techniques*
 - ii) a) *focus on protection of autochthonous varieties*
 b) *number of operations focussing on conversion to at least one of the listed local varieties with respect to the total number of financed operations during the relevant FY*
 c) *at least XXX operations or XX% of all financed operations should focus on conversion to at least one of the listed local varieties*
- 4) *Investments*
 - i) a) *increase of structures allowing energy savings*
 b) *number of operations focussing on investments improving energy savings with respect to the total number of financed operations during the relevant FY*
 c) *at least XXX operations or XX% of all financed operations should focus on investments improving energy savings*
 - ii) a) *focus on sustainable processes*
 b) *number of operations focussing on sustainable processes with respect to the total number of financed operations during the relevant FY*
 c) *at least XXX operations or XX% of all financed operations should focus on sustainable processes*

(ii) the natural or legal persons that may submit applications. In line with the provisions of the DR defining the beneficiaries for each support measure (Articles 3, 12, 17, 24, 27, 32, 37 and 41), MS should indicate details on the natural or legal persons that may apply for support, *e.g.* the types of temporary or permanent associations of two or more producers according to the relevant national legislation.

(iii) the application procedure. In line with the requirements of the IR in this respect, MS should indicate the rules laid down internally concerning all elements indicated in Articles 4, 5, 7, 10, 12, 13, 14, 15 and 17 IR. In this section, MS should also provide information:

- a) whether applicants are allowed to **withdraw submitted applications** and, in case they are, describe the procedure;
- b) the **procedure** that beneficiaries should follow **to request changes to approved operations**.
- c) in case MS decide to allow the implementation of **minor changes** by the beneficiary without prior approval in line with Article 53(2) DR, this section should list these minor changes and provide information on the procedure for their notification to the competent authority (see § 2.14. "Changes to beneficiaries' operations").

(iv) the eligibility criteria. MS should list the eligibility criteria set out by the DR and by the Financial Regulation⁵ and provide details as regards the administrative conditions and formalities to be respected so that the application is considered compliant with these eligibility criteria.

Example of eligibility criteria for promotion in TC (Article 10 DR):

- a) *the operations and their underlying actions are clearly defined, describing the promotion activities and including the estimated costs :*

MS should indicate the level of detail to be used by the applicant to describe the planned promotion actions and the expected costs. The provisions of standard forms to be filled in by the applicants may be considered.

- b) *assurances that the proposed costs of the operation are not in excess of the normal market rates:*

*MS should indicate the types of assurances to be provided by the applicant, **e.g.** a comparison of different offers for comparable items or services.*

- c) *assurances that beneficiaries have access to enough technical capacity to face the specific constraints of trade with third countries and have sufficient resources to ensure that the operation is implemented as effectively as possible :*

*MS should indicate the types of assurances to be provided by the applicant, **e.g.** a description of the internal department that will carry out the promotion operation, including details showing that it has performed such activities in the past, or of the promoter that has been hired to carry out that operation; a balance sheet of the applicant or a statement on the financial resources of the association that has been gathered to carry out the promotion operation showing the availability of sufficient budget to cover the share of the costs to be co-financed by the beneficiary.*

- d) *evidence submitted by beneficiaries that enough products in terms of quality and quantity will be available to ensure answering the market demand in the long run after the promotion operation :*

*MS should indicate the types of evidence to be provided by the applicant, **e.g.** a quantification of the current production, past trends and future perspectives broken down by type of product in terms of quality classification and projection of future increase of sales encompassing the results of the promotion operation applied for.*

- e) *the consistency between the strategies proposed and the objectives set and the likely impact and success in increasing demand for the products concerned :*

*MS should indicate how beneficiaries should give evidence of the requested consistency, **e.g.** by giving a description of the type of market targeted and the forecasted results of the operation in terms of envisaged sales and correlating it with the description of the operation or underlying actions (**e.g.** if the target customers are importers, the proposal of wine-tastings for journalists only will not seem consistent with the objective of the operation – likewise, if the target customers are restaurants, proposing an audio-visual action without any tasting will not likely be consistent with the envisaged goal).*

Example of formal administrative conditions according to national legislation:

- *documents according to national law (attesting identity, nationality, residence, the statute of a society the registration as wine-grower, as a society, as an association, etc.);*
- *declarations and certifications according to national law (on tax duties, social security, membership in an association, certified accountancy, etc);*
- *respect of deadlines for the implementation and invoicing of actions (**e.g.** promotion).*

⁵ Regulation (EU, EURATOM) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJUE L198 of 26.10.2012, p. 1).

(v) the eligible and non-eligible costs. Under this point, MS should list the costs that are eligible for support in line with the DR and indicate, where relevant, the maximum levels of support per action or the maximum ceilings of support applied where these are provided for by the legislation.

(vi) information on standard scales of unit costs (SSUC) or contributions in kind (CIK). MS should indicate, where relevant, whether they will use this simplified cost reimbursement option and allow for the reimbursement of CIK. In case they do, they should provide information on the method they will use to calculate these amounts and the methodology and periodicity for adapting them (see § 2.7.2. "Simplified cost reimbursement options"). In this section, MS should also indicate the amounts of SSUC per action.

(vii) the priority criteria and respective weighting. Articles 8, 11, 16, 23, 31, 36 and 40 DR allow MS to set their own priority criteria for the following measures: promotion and information, restructuring, green harvesting, harvest insurance, investments and innovation. In case MS decide to do so, they should indicate the additional priority criteria that they intend to introduce and to justify them on the basis of the strategic objectives indicated under point (i). Moreover, MS should indicate the weighting determined for each of the compulsory and additional criteria where they exist and the justification for that weighting (see § 2.6.3. "Selection of applications based on priority criteria"). Where relevant, e.g. in case of pro-rata assignation, MS should also provide information on the procedures established to assign priority points on the basis of that weighting.

(viii) the selection procedure. Pursuant to Article 4 IR and in line with the requirements of Article 23 IR, MS should provide details on the selection procedure established, e.g. the deadlines for the evaluation of the applications, the authorities that will examine the applications on the basis of the eligibility criteria and those that will evaluate and select them on the basis of the priority criteria, whether a threshold will be established and pro-rata payments applied, the deadlines for the notification to the beneficiaries of their exclusion and the reasons thereof, whether applications excluded for insufficient priority score will be submitted to the following round of evaluation and selection, that beneficiaries excluded from the selection will be notified of the reasons thereof (see § 2.6. "Selection procedure").

(ix) the deadlines for the payments to beneficiaries. In application of Article 25 IR, MS should indicate the deadline/period established for the lodging of the payment claim by the beneficiary and for the payment by the competent authorities to the beneficiaries (see § 2.13. "Payments to beneficiaries").

(x) advances. In conformity with the requirements of Article 49 DR and Article 26 IR, MS should indicate whether advances can be granted to beneficiaries of the measures for which this possibility is provided (information and promotion, restructuring, investments, innovation and by-product distillation). MS should also indicate the maximum proportion of Union contribution to be advanced within the threshold of 80% and the conditions established at national level for granting them (e.g. the types of securities that can be provided and their amount which should at least warrant 100% of the amount of advance paid) (see § 2.11. "Advance payments").

(xi) the demarcation criteria and the verification system implemented to avoid double funding. Based on the requirements of Article 43 DR and of Article 27 IR and for the measures these provisions apply to (information and

promotion, restructuring, mutual funds, harvest insurance, investments and innovation), MS should indicate both the demarcation criteria established in order to ensure that no support is granted to operations that are financed also under another fund (e.g. Horizontal Promotion according to Regulation (EU) No 1144/2014 or Rural Development according to Regulation (EU) No 1305/2013) and the provisions adopted to ensure that an efficient control system is in place to avoid double funding (see § 2.9. "Double financing - Demarcation with other funds": for the sake of clarity, it is recommended to use the same terminology provided in that paragraph).

☞ *The control systems to avoid double financing are complementary to the demarcation criteria and do not replace them. Both elements should thus be indicated. Moreover, the control systems should be described in detail (e.g. indication of the databases against which cross-checks are performed)*

(xii) State aid. MS should indicate whether State aid may be granted to beneficiaries of the measures for which this possibility is provided (information and promotion, harvest insurance and investments). MS should also provide details on the maximum amounts/rates of State aid that can be granted and on the modalities for granting it, i.e. *de minimis*, notification or exemption (see § 2.12. "State aid").

Part B. of Annex I – Results of consultations held: indication of the stakeholders consulted prior to the issuing of the Wine NSP and summary of their respective positions.

Part C. of Annex I – Overall strategy: summary of the strategic approach that the MS intends to pursue with the implementation of the Wine NSP and link with the strategy proposed for each individual support measure as described in part A, point (i) of Annex I.

Part D. of Annex I – Appraisal showing the expected technical, economic, environmental and social impact: information on the foreseeable impact of the application of the support measure in different domains. This section should be linked to the strategic objectives and quantified targets that are to be indicated for each support measure in part A(i) of Annex I.

Part E. of Annex I – Schedule for implementing the measures: information on the foreseeable calendar of implementation of the support measures. For example, if a new support measure is introduced into the Wine NSP but is not activated, the year of foreseeable implementation should be indicated. Conversely, if it is envisaged that a support measure should be discontinued before the end of the programming period, the foreseeable year of termination should be indicated.

Part F. of Annex I – General financing table given in the format of Annex II: this part only concerns the initial financial allocation as information on annual modifications is submitted separately on Annex II through ISAMM (see § 2.4. "Financial table")

Part G. of Annex I – Criteria and other quantitative indicators to be used for monitoring and evaluation: this section should summarise for each measure the strategic objectives and link them with the corresponding indicators and quantified targets (see Part A, point (i) above) that MS intend to use for the monitoring of the implementation of their Wine NSP and for the relevant reports and evaluations (see also § 2.10.1.2. "Annex III - Annual

report"). It should also clearly indicate the time at which the quantified targets are to be reached (*e.g.* annually or at the end of the programming period).

Example of table to be included under point G of Annex I:

Support measure	Strategic objectives	Indicators	Quantified targets
Promotion in third countries	To increase the exports of national wine in value/volume	Value/volume of annual exports	At least 10% increase in volume and 15% in value over the period 2014-2018
	To extend the participation in the scheme to new beneficiaries	Total number of beneficiaries	At least 10% new beneficiaries every year
		Number of new beneficiaries	
To open outlets in new third countries/new third-country markets	Number of new TC/TC markets targeted by the promotion operations	At least 6 new TC/TC markets over the period 2016-2018	
Restructuring and conversion of vineyards	To modernize most of the national vineyard surface	Total national vineyard surface	At least 5% of the national vineyard surface restructured every year
		Number of hectares restructured	
	To increase the share of national wine produced with local varieties	Total national vineyard surface	At least 2% of the total national vineyard surface restructured with local varieties every year
		Number of hectares restructured	
	Number of hectares restructured by planting local varieties	At least 30% of all restructuring operations should concern planting new varieties every year	
Harvest insurance	To have most wine growers ensured against losses	Number of wine growers	At least 70% of all wine growers ensured every year
		Number of wine growers ensured	
By-product distillation	To dispose of most of the wine by-products	Tons of marks and lies produced by wine-making	At least 85% of all marks and lies produced by wine-making delivered for distillation
		Tons of marks and lies delivered for distillation	

Part H. of Annex I – Steps taken to ensure that the programme is implemented appropriately and effectively: information concerning the tools implemented to this effect (*e.g.* for the verification of the correct implementation of the schedule and of the content of the Wine NSP, for the monitoring of its performance and for the control of the correct implementation of the support measure).

Part I. of Annex I – Designation of competent authorities and bodies responsible for implementing the programme: information on the authorities of the MS at any relevant geographical or administrative level who are in charge with the laying down of the rules provided for by the DR and IR, with the issuing and modification of the Wine NSP, with the reception, evaluation and selection of the applications for support, with the performance of controls and the determination and application of reductions and penalties.

Part J. of Annex I – Internet site where the national legislation related to the support programme is publicly available: indication of the internet link where the Wine NSP and the implementing rules are made available to the public.

2.4. Financial table (Annex II)

BA	Article 44(1): Budgetary limits
	Article 54(a): Empowerment
	Annex VI: Financial allocation for the NSP
IR	Annex II

Annex II to the IR is the model (template) upon which the financial allocation to the Wine NSP is notified to the Commission through ISAMM (form number: 00651).

It comprehends by financial year both forecast and execution data. The full table is to be notified to the Commission by the deadlines set in Article 2(1) IR (1st March and 30 June of every year) every time one or more elements of the financial allocations are revised.

☞ If by those deadlines, no changes are to be made to the financial table, MS should send a nil communication through ISAMM.

The amounts indicated in the row "Amended amounts" in the previous notifications will be shifted to the row "Previous notification" in the new notification, while the new, amended amounts are to be indicated in the row "Amended amounts".

The amounts concerning the execution of the current financial year (to be indicated in the row "Amended amounts") should reflect the situation expected by the end of that financial year (i.e. 15 October) and not merely the situation of the financial execution at the moment of the notification.

As regards in particular the figures on the actual execution, these should include the advances paid and the recoveries made during that financial year. The "amended amounts" should thus reflect the arithmetical sum of all the amounts paid or recovered during the financial year whether or not they refer to operations carried out in that year. For ***example***: if an amount concerning an action executed in the FY 2014 has been recovered during the FY 2015, this recovery has to be booked in 2015 and not under 2014.

The allocation for the support measures that are not activated in the Wine NSP should remain empty. Zeroes do not need to be encoded.

The total amount of allocation (last row of the financial table) may not exceed the budgetary limits for Wine NSP indicated for the MS in question for the given financial year in Annex VI to Regulation (EU) No 1308/2013.

Examples of notifications of the financial table:

1st March 2013: first notification of the Wine NSP and the financial table for the programming period 2014-2018.

In the example below, the MS sets the strategy to initially allocate half of its budget to the restructuring measure (maximum 15% of which can be allocated to the sub-measure "replanting for plant-health reasons" according to Article 15(2) DR) and to progressively increase the budget to the promotion, investments and innovation measures while reducing the allocation for the restructuring measure and maintaining the same allocation for the other measure unvaried over

the programming period.

Annex II

Financial allocation of the national support programme

(in 1000 EUR)

Member State : XX								
Date of notification : 01.03.2013				Date of previous notification: N/A				
Number of this amended table: 1								
Reason: modification requested by the Commission / modification requested by the Member State								
Measures (1)	Regulation (EU) No 1308/2013 (2)		Financial year					Total (9)
			2014 (4)	2015 (5)	2016 (6)	2017 (7)	2018 (8)	
1- Promotion	Article 45	Previous notification						
		Amended amount	15.000	17.000	19.000	21.000	23.000	95.000
2a- Restructuring and conversion of vineyards	Article 46(3)(a),(b),(d)	Previous notification						
		Amended amount	42.500	39.100	35.700	32.300	28.900	178.500
2b- Replanting of vineyards for health or phytosanitary	Article 46(3)(c)	Previous notification						
		Amended amount	7.500	6.900	6.300	5.700	5.100	31.500
3- Green harvesting	Article 47	Previous notification						
		Amended amount	8.500	8.500	8.500	8.500	8.500	42.500
4- Mutual funds	Article 48	Previous notification						
		Amended amount						
5- Harvest insurance	Article 49	Previous notification						
		Amended amount						
6- Investments in enterprise	Article 50	Previous notification						
		Amended amount	17.000	18.000	19.000	20.000	21.000	95.000
7- Innovation	Article 51	Previous notification						
		Amended amount	6.000	7.000	8.000	9.000	10.000	40.000
8- By-products distillation	Article 52	Previous notification						
		Amended amount	3.500	3.500	3.500	3.500	3.500	17.500
TOTAL		Previous notification						
		Amended amount	100.000	100.000	100.000	100.000	100.000	500.000

1st March 2014: notification of the financial table due to a change of the Wine NSP.

The MS decides to include the harvest insurance measure in its Wine NSP and adapts consequently the allocations to other support measures (in this example: green harvesting and by-product distillation).

The whole table has to be submitted. The amounts of the previous notification are to be shifted under 'previous notification' and the new amounts introduced under "amended amount".

Annex II

Financial allocation of the national support programme

(in 1000 EUR)

Member State : XX								
Date of notification : 01.03.2014				Date of previous notification: 01.03.2013				
Number of this amended table: 1								
Reason: modification requested by the Commission / modification requested by the Member State								
Measures (1)	Regulation (EU) No 1308/2013 (2)		Financial year					Total (9)
			2014 (4)	2015 (5)	2016 (6)	2017 (7)	2018 (8)	
1- Promotion	Article 45	Previous notification	15.000	17.000	19.000	21.000	23.000	95.000
		Amended amount	15.000	17.000	19.000	21.000	23.000	95.000
2a- Restructuring and conversion of	Article 46(3)(a),(b),(d)	Previous notification	42.500	39.100	35.700	32.300	28.900	178.500
		Amended amount						

vineyards		Amended amount	42.500	39.100	35.700	32.300	28.900	178.500
2b- Replanting of vineyards for health or phytosanitary	Article 46(3)(c)	Previous notification	7.500	6.900	6.300	5.700	5.100	31.500
		Amended amount	7.500	6.900	6.300	5.700	5.100	31.500
3- Green harvesting	Article 47	Previous notification	8.500	8.500	8.500	8.500	8.500	42.500
		Amended amount	5.500	5.500	5.500	5.500	5.500	27.500
4- Mutual funds	Article 48	Previous notification						
		Amended amount						
5- Harvest insurance	Article 49	Previous notification						
		Amended amount	3.500	3.500	3.500	3.500	3.500	17.500
6- Investments in enterprise	Article 50	Previous notification	17.000	18.000	19.000	20.000	21.000	95.000
		Amended amount	17.000	18.000	19.000	20.000	21.000	95.000
7- Innovation	Article 51	Previous notification	6.000	7.000	8.000	9.000	10.000	40.000
		Amended amount	6.000	7.000	8.000	9.000	10.000	40.000
8- By-products distillation	Article 52	Previous notification	3.500	3.500	3.500	3.500	3.500	17.500
		Amended amount	3.000	3.000	3.000	3.000	3.000	15.000
TOTAL		Previous notification	100.000	100.000	100.000	100.000	100.000	500.000
		Amended amount	100.000	100.000	100.000	100.000	100.000	500.000

30 June 2014: notification of the financial table with the expected expenditure for the financial year 2014.

The MS will include in the table the expenditure expected for the current exercise until 15 October and may adapt the forecast of expenditure for the following years.

The total amount of expected expenditure of the current financial year may not correspond to the total allocated budget in the current exercise due to under-execution.

In this example, due to a higher number of applications than expected for the promotion measure, the MS will increase the current and future allocation for that measure, while adapting the allocation of the other measures in order not to exceed the allocated budget.

Annex II

Financial allocation of the national support programme

(in 1000 EUR)

Member State : XX									
Date of notification : 30.06.2014				Date of previous notification: 01.03.2014					
Number of this amended table: 1									
Reason: modification requested by the Commission / modification requested by the Member State									
				Financial year					
Measures	Regulation (EU) No 1308/2013		2014	2015	2016	2017	2018	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
1- Promotion	Article 45	Previous notification	15.000	17.000	19.000	21.000	23.000	95.000	
		Amended amount	20.000	22.000	24.000	26.000	28.000	120.000	
2a- Restructuring and conversion of vineyards	Article 46(3)(a),(b),(d)	Previous notification	42.500	39.100	35.700	32.300	28.900	178.500	
		Amended amount	40.800	37.500	32.500	29.500	26.500	166.800	
2b- Replanting of vineyards for health or phytosanitary	Article 46(3)(c)	Previous notification	7.500	6.900	6.300	5.700	5.100	31.500	
		Amended amount	1.200	6.900	6.300	5.700	5.100	24.000	
3- Green harvesting	Article 47	Previous notification	5.500	5.500	5.500	5.500	5.500	27.500	
		Amended amount	4.000	5.000	5.000	5.000	5.000	24.000	
4- Mutual funds	Article 48	Previous notification							
		Amended amount							

5- Harvest insurance	Article 49	Previous notification	3.500	3.500	3.500	3.500	3.500	17.500
		Amended amount	3.250	3.500	3.500	3.500	3.500	17.250
6- Investments in enterprise	Article 50	Previous notification	17.000	18.000	19.000	20.000	21.000	95.000
		Amended amount	15.700	18.000	19.000	20.000	21.000	93.700
7- Innovation	Article 51	Previous notification	6.000	7.000	8.000	9.000	10.000	40.000
		Amended amount	2.350	4.100	6.700	7.300	7.900	28.350
8- By-products distillation	Article 52	Previous notification	3.000	3.000	3.000	3.000	3.000	15.000
		Amended amount	2.800	3.000	3.000	3.000	3.000	14.800
TOTAL		Previous notification	100.000	100.000	100.000	100.000	100.000	500.000
		Amended amount	90.100	100.000	100.000	100.000	100.000	490.100

31st July 2014: 2nd notification of the same financial table notified on 30 June 2014 due to a request of the Commission services to adapt the amounts allocated to the sub-measure "replanting for plant-health reasons" which, according to Article 15(2) DR cannot exceed 15% of the total expenditure for the restructuring measure.

The "date of notification" must remain the same date of the 1st notification and the "date of previous notification" must remain that of 1st March 2014, which the corrected amended amounts refer to.

Annex II

Financial allocation of the national support programme

(in 1000 EUR)

Member State : XX								
Date of notification : 30.06.2014				Date of previous notification: 01.03.2014				
Number of this amended table: 2								
Reason: modification requested by the Commission / modification requested by the Member State								
			Financial year					
Measures	Regulation (EU) No 1308/2013		2014	2015	2016	2017	2018	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1- Promotion	Article 45	Previous notification	15.000	17.000	19.000	21.000	23.000	95.000
		Amended amount	20.000	22.000	24.000	26.000	28.000	120.000
2a- Restructuring and conversion of vineyards	Article 46(3)(a),(b),(d)	Previous notification	42.500	39.100	35.700	32.300	28.900	178.500
		Amended amount	40.800	37.740	32.980	29.920	26.860	168.300
2b- Replanting of vineyards for health or phytosanitary	Article 46(3)(c)	Previous notification	7.500	6.900	6.300	5.700	5.100	31.500
		Amended amount	1.200	6.660	5.820	5.280	4.740	23.700
3- Green harvesting	Article 47	Previous notification	5.500	5.500	5.500	5.500	5.500	27.500
		Amended amount	4.000	5.000	5.000	5.000	5.000	24.000
4- Mutual funds	Article 48	Previous notification						
		Amended amount						
5- Harvest insurance	Article 49	Previous notification	3.500	3.500	3.500	3.500	3.500	17.500
		Amended amount	3.250	3.500	3.500	3.500	3.500	17.250
6- Investments in enterprise	Article 50	Previous notification	17.000	18.000	19.000	20.000	21.000	95.000
		Amended amount	15.700	18.000	19.000	20.000	21.000	93.700
7- Innovation	Article 51	Previous notification	6.000	7.000	8.000	9.000	10.000	40.000
		Amended amount	2.350	4.100	6.700	7.300	7.900	28.350
8- By-products distillation	Article 52	Previous notification	3.000	3.000	3.000	3.000	3.000	15.000
		Amended amount	2.800	3.000	3.000	3.000	3.000	14.800
TOTAL		Previous notification	100.000	100.000	100.000	100.000	100.000	500.000

	Amended amount	90.100	100.000	100.000	100.000	100.000	490.100	
30 June 2015: notification of the financial table with the final executed expenditure for the financial year 2014 and the expected expenditure for the financial year 2015.								
The "date of the previous notification" should be the date of the last notification, i.e. in this case 30 June 2014 and the data on the "previous notification" should contain the corrected figures of notification number 2 (see above example).								
The MS will include in the table the actual payments executed in the previous financial year and the expected level of expenditure for the current exercise and may adapt the forecast of expenditure for the following years.								
Annex II								
Financial allocation of the national support programme								
(in 1000 EUR)								
Member State : XX								
Date of notification : 30.06.2015				Date of previous notification: 31.07.2014				
Number of this amended table: 2								
Reason: modification requested by the Commission / modification requested by the Member State								
		Financial year						
Measures	Regulation (EU) No 1308/2013		2014	2015	2016	2017	2018	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1- Promotion	Article 45	Previous notification	20.000	22.000	24.000	26.000	28.000	120.000
		Amended amount	21.235	22.750	25.000	27.000	29.000	124.985
2a- Restructuring and conversion of vineyards	Article 46(3)(a),(b),(d)	Previous notification	40.800	37.740	32.980	29.920	26.860	168.300
		Amended amount	40.932	38.200	32.980	29.920	26.860	168.892
2b- Replanting of vineyards for health or phytosanitary	Article 46(3)(c)	Previous notification	1.200	6.660	5.820	5.280	4.740	23.700
		Amended amount	1.172	1.500	5.820	5.280	4.740	18.512
3- Green harvesting	Article 47	Previous notification	4.000	5.000	5.000	5.000	5.000	24.000
		Amended amount	3.853	3.100	4.000	4.000	4.000	18.953
4- Mutual funds	Article 48	Previous notification						
		Amended amount						
5- Harvest insurance	Article 49	Previous notification	3.250	3.500	3.500	3.500	3.500	17.250
		Amended amount	3.175	3.200	3.500	3.500	3.500	16.875
6- Investments in enterprise	Article 50	Previous notification	15.700	18.000	19.000	20.000	21.000	93.700
		Amended amount	15.083	16.300	19.000	20.000	21.000	91.383
7- Innovation	Article 51	Previous notification	2.350	4.100	6.700	7.300	7.900	28.350
		Amended amount	2.289	2.100	6.700	7.300	7.900	26.589
8- By-products distillation	Article 52	Previous notification	2.800	3.000	3.000	3.000	3.000	14.800
		Amended amount	2.692	2.800	3.000	3.000	3.000	14.492
TOTAL		Previous notification	90.100	100.000	100.000	100.000	100.000	490.100
		Amended amount	90.431	89.950	100.000	100.000	100.000	480.381

2.4.1. Multi-annual operations

In case of multiannual operations such as the ones approved under the measures promotion, restructuring, investments and innovation, it is possible that an action is implemented within one financial year (N), while the payment is made during the following financial year (N+1). In that case, the payment shall fall under the ceiling of the financial year in which the payment is made (N+1) and not of the financial year in which

the operation has been carried out (N). This is due to the fact that the budgetary ceilings for the Wine NSP – provided for in Annex VI of the CMO Regulation – are established per financial year, which means that all expenditure declared within a given financial year must respect the ceiling set out in that Annex for that financial year.

The amounts included in the financial table corresponding to a certain programming period should include also the expenses of multi-annual operations launched in the framework of the previous five-year programme for which payments will be done in the following five-year programme.

2.5. Application procedure

BA	Article 54(b): Empowerment
IR	Articles 4, 7, 10, 12, 13, 14, 15, 17: Application procedure

In compliance with the provisions on the application procedure laid down for each support measure by the IR, MS should lay down all necessary rules allowing potential beneficiaries to apply for support.

These rules should ensure **completeness** and **transparency** (*e.g.* through the publication of the deadlines for the submission, evaluation and selection of the applications, of the elements that are to appear in the applications for support and of the documents that must accompany them, of the threshold for the selection procedure, of the payment procedures and deadlines, including for possible advances).

2.6. Selection procedure

BA	Article 54(b): Empowerment
IR	Article 23: Selection procedure

2.6.1. General rules

MS should examine the compliance of all applications for support with the eligibility criteria and then submit the applications considered as eligible to a process allowing the selection of the most worthy ones in terms of quality of the proposed operation and of potential achievement of the objectives set out by the EU legislation and by the Wine NSP for the relevant support measure on the basis of the priority criteria.

To this purpose, it would be recommendable that all applications for support are submitted by a certain annual deadline so that they are all subject to the selection procedure at the same time.

☞ *MS operating at regional level may allow a selection procedure to apply to all applications for support submitted in each region.*

A procedure foreseeing the possibility for applications to be submitted and examined throughout the year may be admitted for those support measures for which no priority criteria are provided for in the DR and for which MS introduce no additional priority criteria allowing for a first-come, first-served approach for granting support.

☞ *In case priority criteria are foreseen for a support measure, MS may admit the possibility for applications to be submitted and examined*

throughout the year only if a threshold was established according to the second subparagraph of Article 23(3) and Article 23(4) IR in order to ensure that only the worthiest applications for support are selected. In this case, all applications that have scored at least a number of points equal to the threshold can be financed until exhaustion of the available funds (see also § 2.6.4. "Available budget and thresholds").

2.6.2. Phase 1: examination of eligibility criteria

Eligibility criteria are laid down in the EU legislation and are compulsory. MS may not eliminate or change any given eligibility criterion nor add new ones in their Wine NSP. Applicants must comply with all of them to be considered eligible for support.

MS must examine the compliance with the eligibility criteria taking into consideration the administrative conditions and formalities they have specifically required from the applicants in relation to those eligibility criteria (e.g. inclusion of the applicant in the vineyard register as a wine grower, presentation of a production declaration in the last wine year).

MS cannot arbitrarily exclude potential eligible applicants from the benefit of a support measure through the establishment of additional eligibility criteria (e.g. limitation of the support for restructuring to young farmers or for investments to enterprises marketing only domestic wines), but may decide to give preference to certain conditions or types of applicants through the introduction of additional priority criteria that comply with the specific strategies and objectives set out in their Wine NSP (see § 2.6.3. below).

All applications for support under a given measure must be examined on the basis of their compliance with the provisions on eligibility criteria, on eligible and ineligible costs as well as with the rules on the content of the application (Article 23(1) IR).

Only the applications that comply with these elements are eligible for support. They will be retained and, where relevant, subject to a further selection process based on the priority criteria.

2.6.3. Phase 2: selection of applications based on priority criteria

Once all applications for support have been examined for compliance with the eligibility criteria determined by the DR for the specific support measure, the applications that are considered eligible should, where relevant, be subject to a process of selection based on the priority criteria established for that support measure.

☞ *If an operation was selected for support on the basis of a certain priority criterion, changes to that operation that would affect elements that attributed priority to the application enabling thus its selection are to be considered as major changes to be evaluated on a case by case basis by the competent authority. The competent authority should refuse the changes where, as a result, the operation would not comply with one or more priority criteria any longer, altering the position of the application for support on the selection ranking and excluding that operation from support (see also § 2.14. "Changes to beneficiaries' operations"). Changes that partially*

affect the criteria that conferred priority but do not imply that the operation no longer complies with the criteria may be approved by the competent authority under the rules of Article 53(1) DR and paying special attention to the due justification of the changes (e.g. the exhaustion of market stocks on some of the environmental friendly investment items that were approved with an application for support for investment that received priority because likely to have positive effects in terms of environmentally sustainable processes).

2.6.3.1. Compulsory priority criteria

The priority criteria laid down in the legislation are **compulsory for the MS** and **facultative for the beneficiaries**. In other words, all priority criteria indicated in the DR must be applied by the MS to determine the level of priority to be attributed to each application when applying the weighting fixed for each of the criteria (see below). On the other hand, applications for support do not need to comply with all or some of the priority criteria. However, compliance with the given criteria will determine a higher priority ranking: the more priority criteria the application complies with, the higher the priority ranking it will obtain.

2.6.3.2. Additional priority criteria

MS may introduce additional priority criteria to any of the measures activated in their Wine NSP for which the DR allows this explicitly. The introduction of additional priority criteria must be justified on the basis of the specific strategy and objectives set out in the Wine NSP that they address and ensure that they are objective and non-discriminatory.

Examples of additional priority criteria:

Measure "Information in MS"

A MS that considers that information on responsible wine consumption and on the EU system of PDO/PGI to professionals of the wine sector or to students of higher educational degrees deserve preference, may add these additional priority criteria by justifying them with the need to improve the information on these topics among professional that will vehicle it to diffuse it further or to educate young generations to the responsible drinking of quality wine.

Measure "Promotion in TC"

- Projects with a minimum critical mass to better target a specific market
- SMEs
- Joint operations (multi-country applicants)

Measure: Restructuring and conversion of vineyards

If a Wine NSP has as objective the preservation of autochthonous grape varieties in order to prevent their extinction, an additional priority criterion can be determined giving preference to applicants converting their vineyards into one of the local grape varieties that the MS wishes to preserve.

If one of the objectives is the improvement of old and fragmented vineyards, the selection can focus on applicants having a certain minimum area size.

2.6.3.3. No priority criteria

The support measures for which the DR does not indicate compulsory priority criteria do not need to be assigned any priority criterion.

In other words, the applications for support under the measures for which no compulsory priority criteria are laid down in the DR will only undergo the process of selection based on priority criteria if the MS

decides to establish additional priority criteria and this possibility is foreseen for the support measure in question by the DR.

Conversely, the applications for support under the measures for which the DR does not lay down any compulsory criteria and does not allow introducing additional ones shall not undergo a process of selection based on priority criteria.

Support measures	Selection based on compulsory priority criteria	Selection based on additional priority criteria
Information and promotion	Always	Possibly
Restructuring and conversion of vineyards	No	Possibly
Green harvesting	No	Possibly
Mutual funds	No	No
Harvest insurance	No	Possibly
Investments	Always	Possibly
Innovation	Always	Possibly
By-product distillation	No	No

☞ *If no priority criteria are determined for a support measure and in case the available budget is insufficient to finance all applications for support presented for that measure in a given financial year, the selection may be made on a first-come, first-served basis (i.e. there is no need for a common deadline for lodging applications for support) or by applying pro-rata payments to all eligible applications (i.e. a proportional distribution of the payment according to the budget available).*

Examples of pro-rata payment:

If the budget available for a given support measure is 150.000€ and applications for support under that measure are submitted for an eligible amount of 200.000€, MS may decide to grant to each beneficiary 75% of the requested support.

2.6.3.4. Attribution of weighting

MS should determine the **weighting** for each of the applicable priority criteria (both the compulsory and the additional ones) introduced for every support measure on the basis of the specific strategy and objectives set out in the Wine NSP for that measure.

☞ *The weighting should reflect the importance of the priority criteria in relation to the strategic priorities of the Wine NSP. At the same time, all compulsory priority criteria laid down by EU legislation should be given enough weighting so that none of them becomes negligible. MS can attribute to additional priority criteria equal or less weighting than that attributed to the compulsory priority criteria.*

The weighting can be expressed in number of points or percentages to be cumulated for each single application.

Example of weighting:

Measure "Information in MS"

According to the strategic priorities and objectives set out in the Wine NSP, MS will have to define the relative importance of each of the (compulsory and additional)

priority criteria:

(a) information both on responsible consumption and on PDO/PGI : **very high importance**

(b) operations concerning several MS : **very low importance**

(c) operations concerning several administrative or wine regions : **low importance**

(d) operations concerning several PDOs or PGIs : **medium importance**

(e) information to professionals : **high importance**

(f) information in high schools : **medium importance**

According to the level of importance determined, the weightings attributed to the priority criteria may be as follows:

Priority criterion	Numbers	Percentage
(a)	5	30%
(b)	1	5%
(c)	2	10%
(d)	3	15%
(e)	4	25%
(f)	3	15%
Total	18	100%

In this case, an application that complies with all priority criteria will have a maximum score of 18 points or 100%. The applications that only comply with one or some of the priority criteria will score the correspondent number of points or percentage. The applications that do not comply with any of the priority criteria will have a zero score but since they comply with the eligibility criteria, they will be financed in case of sufficient availability of funds if the MS has not fixed a threshold to exclude eligible applications even if the value of the eligible applications does not exceed the available budget (Article 23(4) IR).

2.6.4. Available budget and thresholds

Article 23(3) IR provides that, where the total amount of support corresponding to the eligible applications of a support measure exceeds the budget allocated to that measure for new operations applied for in a given financial year, the competent authority should select the worthiest applications until the exhaustion of the available budget.

Example of selection of applications in case of insufficient budget:

For the support measure X the eligible budget is 100.000 EUR.

Classification of the 60 applications considered eligible for that measure (amount of support 173.000 EUR) on the basis of the scores obtained upon application of the priority criteria:

90% - 100% : **8 applications (22.000 EUR)**

75% – 90% : **16 applications (47.000 EUR)**

60% -75% : 19 applications (56.000 EUR) of which **11 applications > 70% (30.000 EUR)**

50% - 60%: 13 applications (37.000 EUR)

< 50%: 4 applications (11.000 EUR)

Only the **35 applications** scoring > 70% for a total amount of **99.000 EUR** will be selected for financing (the remaining 25 applications for an amount of support of 74.000 EUR will be excluded)

The competent authority may thus pay all the eligible applications for support that have scored the highest number of priority points until exhaustion of the available funds: in other words, the final number of applications financed for each measure will depend on the final budget allocated to that measure for new operations applied for in a given financial year.

Alternatively, for each support measure, the competent authority may fix a threshold (i.e. a certain minimum number of points or a minimum percentage) and select all applications reaching that threshold. In this case, if the total amount of support required for the applications that reach the threshold exceeds the budget available for them under that measure in a given financial year, the competent authority may apply pro-rata payments to all selected applications. The same pro-rata payment may be applied to all applications or different, digressive percentages may be applied according to the number of points or percentage scored by each application.

Example of selection of applications in case of insufficient budget with fixation of a threshold:

For the support measure X the eligible budget is 100.000 EUR.

*The minimum **threshold** is fixed at **60%***

Classification of the 60 applications considered eligible for that measure (amount of support 173.000 EUR) on the basis scores obtained upon application of the priority criteria:

- > 90% - 100% : **8 applications (22.000 EUR)***
- > 75% - 90% : **16 applications (47.000 EUR)***
- > 60% - 75% : 19 applications (56.000 EUR) of which **11 > 70% (30.000 EUR)***
- > 50% - 60%: 13 applications (37.000 EUR)*
- < 50%: 4 applications (11.000 EUR)*

*Only the **35 applications** scoring > 70% for a total amount of **99.000 EUR** will be selected for financing (the remaining 25 applications for an amount of support of 74.000 EUR will be excluded)*

Example of selection of applications in case of insufficient budget with fixation of a threshold and pro-rata payments:

For the support measure X the eligible budget is 100.000 EUR.

*The minimum **threshold** is fixed at **60%***

Classification of the 60 applications considered eligible for that measure (amount of support 173.000 EUR) on the basis scores obtained upon application of the priority criteria:

- > 90% - 100% : **8 applications (22.000 EUR)***
- > 75% - 90% : **16 applications (47.000 EUR)***
- > 60% -75% : **19 applications (56.000 EUR)***
- > 50% - 60%: 13 applications (37.000 EUR)*
- < 50%: 4 applications (11.000 EUR)*

*The MS may decide to select all applications scoring more than **60%** by applying the **same pro-rata payment** to all selected applications:*

***43 applications** score > 60% for a total amount of **125.000 EUR**. The available budget of 100.000 EUR only covers 80% of this amount. Therefore, a **pro-rata payment of 80%** will be applied to all applications for a total amount of financing*

of **100.000 EUR**.

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*On the other hand, the MS may decide to select all applications scoring at least **60%** and to apply **digressive pro-rata payments** to all selected applications:*

$\geq 90\% - 100\%$: 8 applications : 22.000 EUR x 100 % = 22.000 EUR

$\geq 75\% - 90\%$: 16 applications : 47.000 EUR x 80 % = 37.600 EUR

$\geq 60\% - 75\%$: 19 applications : 56.000 EUR x 72 % = 40.320 EUR

*In this case, the same **43 applications** scoring > 60 % are selected for support, however the most qualitative ones in terms of compliance with the priority criteria will be fully financed, while the others will receive digressive percentages of financing according to their level of compliance with the priority criteria. In this case, the total amount of financing will be **99.920 EUR**.*

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*Finally, the MS may also decide to select all applications scoring at least **60%** and to apply **pro-rata payments** only to the applications **with the same minimum score**:*

$> 90\% - 100\%$: 8 applications : 22.000 EUR x 100 % = 22.000 EUR

$> 75\% - 90\%$: 16 applications : 47.000 EUR x 100 % = 47.000 EUR

$> 61\% - 75\%$: 9 applications : 27.000 EUR x 100 % = 27.000 EUR

$> 60 - 61\%$: 10 applications : 29.000 EUR x 13,8 % = 4.000 EUR

*In this case, the same **43 applications** scoring > 60 % are selected for support, however the most qualitative ones in terms of compliance with the priority criteria will be fully financed, while **the last ones will share the amount of the remaining budget**. In this case, the total amount of financing will be **100.000 EUR**.*

The remaining 17 applications for an amount of support of 48.000 EUR will be excluded in all the above cases.

In case of establishment of a threshold, it should however be borne in mind that the objective of financing operations guaranteeing a sufficiently high quality level should always prevail above the objective of financing the highest possible number of eligible applications for support. It should thus be avoided to fix a threshold that is sufficiently low to include the highest possible number of applications regardless of their level of compliance with the priority criteria.

2.6.5. Exclusions of applications

2.6.5.1. Incompliance with eligibility criteria

Applications for support that are considered non-compliant with one or more eligibility criteria must be excluded from support. In this case, the competent administration will inform the applicant of the exclusion by indicating the exact reason for the exclusion.

An applicant excluded for reason of non-compliance with an eligibility criterion may modify/complement the application for support and submit it for evaluation by the following possible deadline for lodging applications.

2.6.5.2. Insufficient priority score

Applicants for support who comply with all eligibility criteria and are excluded because they scored an insufficient number of priority points must also be informed by the competent administration with the indication of the exact reason for the exclusion.

These applicants may modify the application for support and submit it for evaluation by the following possible deadline for lodging applications. Alternatively, the applications for support with an insufficient priority score may be submitted to the following round of evaluation and selection if the competent authority offers this possibility and if the applicant agrees to the re-submission without changes. However, such applications may not receive additional priority for the fact that they were excluded previously: they will have to be submitted again to the whole procedure of selection based on the eligibility and priority criteria in the same way as all other applications for support.

2.7. Reimbursement rules

Support measure	Reimbursement rules	Mechanisms to avoid overcompensation	Legal basis
- Information/Promotion	SSUC where possible <u>or</u> Supporting documents	Calculation method <u>or</u> Evaluation of the reasonableness of the costs	Article 5 DR Article 24 IR + Article 30(2)(d) IR
- Restructuring and conversion of vineyards - Green harvesting	SSUC <u>or</u> Supporting documents	Calculation method <u>or</u> Establishment of maximum levels of support + Evaluation of the reasonableness of the costs	Article 44(1) DR Article 24 IR + Article 30(2)(d) IR
- Mutual Funds - Harvest Insurance	Supporting documents	Establishment of ceilings for the amount of support + Evaluation of the reasonableness of the costs	Article 25 DR Article 29 DR + Article 30(2)(d) IR
- Investments - Innovation	Supporting documents	Evaluation of the reasonableness of the costs	Article 30(2)(d) IR
- By-product distillation	Amounts of support established by MS (SSUC)	Maximum ceilings fixed by Regulation	Article 18 IR

2.7.1. Supporting documents

BA	Article 53(b) and 54(b): Empowerment
DR	Articles 5, 25, 29, 44(1)
IR	Article 30(2)(d): Evaluation of the reasonableness of the costs

2.7.1.1. Applicability within the Wine NSP

The payment of support on the basis of supporting documents to be submitted by the beneficiaries is the default reimbursement rule for the following measures:

- Promotion
- Restructuring and conversion of vineyards
- Green Harvesting
- Mutual funds
- Harvest insurance

- Investments
- Innovation in the wine sector

In these cases, support for implemented actions/operations is calculated on the basis of the actual costs borne by the beneficiaries and proven on the basis of supporting documents that may include:

- Invoices
- Bills
- Timesheets (e.g. for personnel costs or CIK)
- Technical reports (e.g. for CIK/use of own machinery).

Additionally, support is paid only if **checks** on the **eligibility** (i.e. correspondence to the eligible costs approved after the initial assessment of the application for support) and the **reality** (i.e. correspondence to actions actually carried out and paid for) of those costs are concluded successfully.

☞ *Eligible costs only cover the costs of the actions carried out and paid by the beneficiary after the date of approval of the application for support and prior to the end date for the eligibility of the operation's costs.*

MS may consider costs incurred after the submission of applications for support and before their approval as eligible only if this does not jeopardize the implementation of provisions on deadlines, requirements and controls concerning the specific support measure (e.g. in the case of restructuring, ex-ante checks are compulsory and may not be bypassed).

These costs are eligible only in so far as they:

- *can be verified;*
- *include no cost already charged to another expenditure category;*
- *are not funded under another operation.*

Finally, in all cases of submission of supporting documents, in order to **avoid overcompensation** and to ensure the respect of the **principle of cost-effectiveness**⁶, the competent authority needs to check the **reasonableness of the costs** submitted by the applicants by using at least one of the evaluation systems provided for by Article 30(2)(d) IR (see also § 11.1.1.1. "Administrative checks on applications for support").

2.7.1.2. Maximum levels of support/Ceilings

In order to **avoid overcompensation**, the EU legislation has also provided for **other mechanisms** that need to be implemented ex-ante to **avoid overcompensation**:

- Restructuring and Green Harvesting: MS are to establish **maximum levels of support** with fixed parameters (i.e. measurement units) for each action (3rd subparagraph of Article 44(1) DR);

⁶ Principle of cost-effectiveness: resources are used effectively with respect to the objectives, i.e. support is only granted for the *right things* at the *best price*.

- Mutual funds and Harvest insurance: MS are to fix **ceilings** for the amount of support that may be received (Articles 25(2) and 29(2) DR).

Maximum levels of support and **ceilings** are amounts up to which an applicant is reimbursed for actual costs.

According to the 4th subparagraph of Article 44(1) DR and to Article 29(2) DR, they should be calculated on the basis of **normal market rates**, i.e. prices commonly applied in the market to comparable items or services and of the corresponding provisions of work, where relevant.

The main difference with the SSUC consists in the fact that the maximum amounts/ceilings will usually be higher than the strict average of the prices applied in the market, in order to cover a range of prices most commonly applied to comparable items or services. Their purpose is to detect inflated costs declared with supporting documents and, in case the declared costs are higher, to limit their financing to the maximum amounts determined (capping).

Upon presentation by the beneficiary of supporting documents with the payment claim and after verification of the eligibility and reality of the expenditure, the competent authorities will pay the support on the basis of the documented costs if these are lower than the maximum amounts/ceilings or on the basis of the maximum amounts/ceilings if the documented costs result higher than those.

Example of maximum levels of support established for:

Restructuring:

a) maximum levels of support for each action:

- 5.000€/ha for the grubbing up and preparation of the land
 - 12.000€/ha for the purchase of the plants and their planting
 - 4.000€/ha for the purchase and the installation of the trellis
- = **21.000€/ha** (costs)

A wine-grower applies for the conversion of his 1-hectare vineyard from a grape variety to another and submits the following costs resulting from supporting documents:

- 1.960€ (timesheets for the work done by himself to grub-up and prepare the land)
 - 13.640€ (invoices for the purchase of the plants and the planting services)
 - 4.060€ (invoices for the purchase and the installation of the trellis)
- = **19.660€/ha** (costs)

Let us assume that the applicable support rate for this operation is 50% (which is however only applicable to the actual costs and not to the compensation for the income loss), the calculation of the amounts of support will be as follows:

- 1.960€ for the grubbing up and preparation of the land (i.e. actual costs)
 - 12.000€ for the purchase of the plants and their planting (i.e. maximum amount)
 - 4.000€ for the purchase and the installation of the trellis (i.e. maximum amount)
- = **17.960€ x 50%**
= **8.980€** (total support for the costs)

b) compensation for the loss of revenue:

3.740€ (average of the actual revenue recorded during the previous 3 years)

*a) + b) = 8.980 + 3.740 = **12.720€** (total support for actual costs + income loss)*

Green harvesting:

- 1) **calculation of the average income per unit of surface:** sale price of the wine per unit of production * average yield per unit of surface;
- 2) **assessment of the direct costs of green harvesting (based on the method used)**

<p><i>per unit of production/surface (X);</i></p> <p>3) calculation of direct costs per unit of surface: <i>X * average yield per unit of surface;</i></p> <p>4) calculation of the maximum amount of support per unit of surface: <i>average income (1)+direct costs (3) per unit of surface * support rate (e.g. 50%)</i></p> <p>☞ <i>The calculation may be broken down by grape variety or by the different categories of wine (e.g. PDO, PGI, other).</i></p>

2.7.1.3. Presentation of supporting documents

In case of supporting documents to be submitted by the beneficiaries, payment claims sent to the competent authority should be accompanied by copies of original invoices and any other supporting documents proving the eligibility and the reality of the costs (**e.g.** according to the type of action: payment bills, timesheets, technical reports, pictures, videos, press articles).

All these documents should be listed in a summary table, together with the amounts expressed in euro and, in case of MS outside the euro zone, in their national currency. If needed, particularly for the measure of promotion in third countries, translations may be required.

All supporting documents should give the following information:

- a) the supplier,
- b) the service provided with details of the way it relates to the operation in question,
- c) the date,
- d) the amount (VAT excluded),
- e) the registration number.

All invoices and bills should be accompanied by a proof of payment.

Supporting documents may be for **example** invoices for the purchase of an item or for the provision of a service, payment bills for costs related to transport or meals, timesheets indicating the actual time spent in performing an action as CIK, technical reports on the use of own machines, certificates confirming the participation in a fair, pictures, copies of articles, lists of participants, etc.

In case there are subcontractors (**e.g.** for a promotion operation), their invoices should contain a clear indication to what part of an operation each cost relates to. If there is a single invoice, it should be broken down by action and cost or there should be a separate invoice by action.

In the event of an audit on the premises, the competent authority and the Commission inspectors should be able to inspect the original documents as well as the accounting registers and other proofs of payment.

The competent authority of the MS bears the responsibility to assess, upon relevant evidence submitted by the beneficiary, whether the payment claims are reliable or not.

☞ *Items of expenditure paid in cash cannot be considered as eligible for support.*

2.7.1.4. Bank accounts

All the payments related to an operation should be executed from the bank account determined for that operation (account "O"). However, if an expense has exceptionally been paid from another account (account "X") and then reimbursed from the operation's account "O", the following evidence should be provided:

- proof of the reality of the expense (e.g. boarding pass for a flight);
- proof that the payment was really done to the issuer of the invoice (e.g. no payments in cash or in checks as difficult to verify);
- proof of the bank transfer from account "X" to account "O" (e.g. copies of the bank account report "X" showing the transfer to bank account "O");
- assurance that the payment has been done in a relatively reliable environment (e.g. from a bank account in the EU).

2.7.1.5. Conservation of supporting documents

With a view to ensure a sound management and control of Union funds, MS need to keep the information necessary to demonstrate the completeness, accuracy and veracity of the expenditure effected.

The period during which the paying agencies must keep at the Commission's disposal the supporting documents regarding the financed expenditure is laid down in Article 32 of Regulation (EU) No 908/2014⁷. The first paragraph of that Article clarifies that the supporting documents concerning the expenditure financed by the EAGF need to be kept for at least three years following the year in which the Commission clears the accounts of a given financial year, according to the clearance of accounts procedure provided for in Article 51 of Regulation (EU) No 1306/2013⁸. In addition, minimum time periods for which the supporting documents need to be kept at the Commission's disposal in case of irregularities or negligence and in case of a conformity clearance procedure are laid down in paragraphs 3 and 4 of the same Article.

☞ The time periods that may be set out in national law for the conservation of accounting information in the light of controls to be performed are within the competence of managing and audit authorities at national level.

2.7.1.6. Exchange rate

Regarding expenditure declared by beneficiaries to the paying agencies in currencies different from the euro, MS are responsible for establishing the rules regarding the exchange rates taking into account the need to avoid the risk of speculation to benefit from a better exchange rate on the date of submission of bills or paying bank charges

⁷ Commission Implementing Regulation (EU) No 908/2014 of 6 August 2014 laying down rules for the application of Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to paying agencies and other bodies, financial management, clearance of accounts, rules on checks, securities and transparency, OJ L 255, 28.8.2014, p. 59.

⁸ Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy, OJ L 347, 20.12.2013, p. 549.

or losses on exchange of currencies, where relevant. It is therefore for the competent authorities to make this assessment and determine the exchange rate applicable to the relevant expenditure declared by beneficiaries of the Wine NSP.

2.7.2. *Simplified cost reimbursement options*

BA	Article 53(b) and 54(b): Empowerment
IR	Article 24: Simplified cost reimbursement

2.7.2.1. Definitions and applicability within the Wine NSP

The appropriate use of simplified cost reimbursement options, especially where the costs to be reimbursed consist of several invoiceable items, is to be encouraged not only as a way to reduce administrative burden but also to decrease the error rate.

The main forms of simplified cost reimbursement options used in the framework of the Wine NSP are:

- Standard scales of unit costs;
- Flat-rate financing.

The EU legislation concerning the Wine NSP allows for the use of simplified cost options for a number of measures.

Standard scales of unit costs (SSUC): the amount of support is calculated on the basis of unit costs defined in advance of the submission of any application.

They are to be calculated following one of the methods listed in Article 24(1)(b) IR and applied regardless of the actual costs or provisions of work that may be incurred in a specific operation, provided that the **reality** of the costs can be proven (i.e. that the related actions/operation have been actually implemented and paid for).

Alternatively to the default reimbursement method based on supporting documents, SSUC may be used to calculate the support for operations of:

- **Promotion** (only for those actions for which they are appropriate),
- **Restructuring**,
- **Green harvesting**.

Concerning operations of **restructuring** and **green harvesting**, where a MS chooses to use this simplified cost option, SSUC also apply to contributions in kind (see § 2.7.2.3. "Calculation of SSUC in case of CIK").

Example of standard scales of unit costs:

SSUC applied only to certain activities or action

e.g. for promotion in TC

- flight tickets: XXX € per person participating in an event
- hotel rooms: XXX € per person/night
- daily allowances: XXX € per person/day
- rental of a fair stand: XXX € per day

Those amounts should be differentiated by destination and represent an average of

the actual costs for each activity with respect to that destination.

*The **reality of the costs** may be proven with pictures, videos or any other document showing that a certain number of persons have attended a certain event at a certain destination. For **example**, documenting the attendance of 3 persons at a fair in Peking through a contract or a press article will make the beneficiary eligible for the transport, accommodation, daily allowance and rental costs for those persons for the duration of that fair.*

*SSUC applied to **all underlying actions of an operation***

***e.g.** for restructuring and conversion of vineyards*

- 4.000€/ha for the grubbing up and preparation of the land
 - 10.000€/ha for the purchase of the plants and their planting
 - 3.000€/ha for the purchase and the installation of the trellis
 - 4.000€/ha for the income loss for the 3 years following the grubbing up
- = 21.000€/ha in total**

The rate per hectare (or per plant), i.e. the standard unit cost applicable for each specific action, will then be used to calculate the support.

***For example**, A wine-grower applies for support to relocate his 2-hectares vineyard from one parcel to another on his holding. However, he commits to grub-up the initial vineyard only after the new vineyard is planted and starts the production (this wine-grower will thus not benefit of compensation of income loss). Let us assume that the applicable support rate for this operation is 50%.*

He will be entitled in a first stage to the support for replanting (10.000€ x 2ha for the plants and 3.000€ x 2ha for the trellis = 26.000€ x 50% = 13.000€) and to the support for the grubbing up after he has actually carried out that action (4.000€ x 2ha x 50% = 4.000€), i.e. 17.000€ in total, regardless of the actual costs incurred in purchasing the plants and trellis and for carrying out the works (which may be done either by a professional or by the beneficiary himself as contribution in kind).

*The **reality of the activity** will be proven by the on-the-spot check that must be carried out systematically after the implementation of each operation of restructuring and conversion of vineyards (and green harvesting – see first subparagraph of Article 32(1) IR).*

A specific form of SSUC applies to **by-product distillation**, where MS are required to fix the amounts of support by % volume alcohol and by hectolitre produced as foreseen by Article 52(2) BA and Article 18 IR. The SSUC fixed by the MS cannot exceed the maximum amounts indicated in the 1st paragraph of this last provision.

Flat-rate financing: the amount of support is determined for specific categories of eligible costs by applying a percentage to the sum of other categories of eligible costs of the operation.

Flat-rates are different from lump-sums, which are not percentages but fixed amounts of support paid on completion of specific activities/outputs or results (**e.g.** 10.000€ is the amount of support determined for the participation in an international fair, regardless of the actual costs incurred by the beneficiary).

Flat-rate financing is foreseen by the legislation for the Wine NSP for the payment of administrative costs related to operations of promotion and innovation (see also § 2.8.3. "Administrative costs").

Example of flat-rate financing for promotion operations:

The MS establishes that, for promotion operations, administrative costs may amount to 3,5% of the total eligible costs of implementing the operation (they cannot exceed 4% according to Article 47(2) DR).

Consequently, if a beneficiary declares eligible costs for 100.000€ for a promotion operation, he will be entitled to the additional financing of 3.500€ for administrative costs, whatever the actual costs borne. In this example, the amount of support will thus be calculated on the basis of 103.500€ and it will amount to 51.750€ in case of a support rate of 50%.

2.7.2.2. SSUC: calculation methods

According to Article 24(1)(b) IR, SSUC should be established through a fair, equitable and verifiable calculation method based on:

- (i) statistical data or other objective information (e.g. the average costs for comparable items or services practiced on the market based on catalogues, actual invoices or ad-hoc studies)
- (ii) the verified historical data of individual beneficiaries (this requires the acquisition of prior experience by the competent authorities who will have collected invoices or other documents from beneficiaries who had to submit supporting documents with their payment claims); or
- (iii) the application of the usual costs accounting practices of individual beneficiaries.

When SSUC are established correctly, reimbursement based on SSUC allows for simplification while avoiding overcompensation at national or regional level, even if at individual level certain beneficiaries may receive more while others may receive less than the actual costs of each action or operation.

The fact that the costs calculated in this manner may in some cases not coincide with the real expenses of the action or operation is irrelevant. What is relevant is whether the SSUC have been correctly established, whether the calculation of the amount to be reimbursed on the basis of SSUC is accurate and whether the actions/operations have been fully implemented (i.e. upon checks on the **reality** of the costs).

Pursuant to the second subparagraph of Article 24(1) IR, the actual calculation should be performed by a body that is functionally independent from the authorities responsible for the implementation of the Wine NSP and possesses the appropriate expertise. Alternatively, this body should confirm the adequacy and accuracy of the calculation performed by the authorities responsible for the Wine NSP.

This independent body may be an external consultant but also another public body (e.g. a department or an agency that are dependent from a different hierarchical line) that possesses the required expertise.

As provided for by Article 24(2) IR, MS may decide to use differentiated scales to take into account regional or local specificities.

Moreover, MS may decide the level of detail of calculation for each underlying action. For example, the SSUC for the grubbing up and preparation of the land may be differentiated by the grade of steepness of the slope and SSUC for the purchase of plants may be differentiated by grape variety.

Pursuant to Article 24(3) IR, the calculation of the SSUC should be revised every second year by the same competent authority (i.e. the

independent body or the authority responsible for the implementation of the Wine NSP supervised by the independent body) and the SSUC should be adjusted in case variations from the previous scales are revealed.

For audit purposes, it is important that MS keep all the documentary evidence on the above-mentioned calculation and periodical re-examination.

2.7.2.3. Calculation of SSUC in case of CIK

According to Article 45(2)(a) DR, in case a MS decides to use SSUC for the calculation of the eligible amount of support for restructuring or green harvesting, CIK must be included in the SSUC calculated in accordance with Article 24 IR.

Consequently, the beneficiary will not need to specify how the works for the implementation of the area-based operation were carried out (whether as CIK or by contracting an invoiced service): the amount of support will be the same.

The beneficiary will only have to demonstrate the **reality** of the works carried out (i.e. that the overall operation was fully implemented, including all its underlying actions). This is typically done during on-the-spot checks after the implementation of the operation which for area-based measures must be systematic (i.e. in 100% of the cases).

Example of calculation of SSUC with CIK:

For the measure restructuring and conversion of vineyards:

2.500€/ha = average cost for the grubbing up of vineyards by contracted services

1.300€/ha = cost determined by the MS for the CIK

$3.800€ / 2 = 1.900€/ha =$ average cost of grubbing up (to be multiplied by the applicable support rate).

Case A) the beneficiary has grubbed up his vineyard himself: he will be recognised a relatively higher cost than the actual value of the contribution in kind (i.e. 1.900€ instead of 1.300€)

Case B): the beneficiary contracted an external service to grub up its vineyard and was invoiced 2.600€/ha: he will be recognised a relatively lower cost (i.e. 1.900€).

Overall there will be no overcompensation.

Neither the beneficiary A nor the beneficiary B will need to submit any supporting document (time sheets or invoices) as long as it can be demonstrated (e.g. by on-the-spot checks) that the grubbing up has effectively taken place.

2.8. Eligibility of certain costs

For the following categories of costs, the legislator has laid down rules aimed at facilitating the calculation of the corresponding amount of support:

- Contributions in kind
- Personnel costs
- Administrative costs

For value added tax, the legislator has clarified in which cases it may be exceptionally eligible for support.

2.8.1. *Contributions in kind (CIK)*

BA	Article 53(b): Empowerment
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DR	Article 45: Contributions in kind for restructuring/green harvesting
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2.8.1.1. Definition and use within the Wine NSP

Contributions in kind may be considered eligible for co-financing under the measures **restructuring** and **green harvesting** on condition that the MS provides for this possibility in the Wine NSP.

CIK refer to contributions in the form of provision of work provided for the implementation of the supported operation or underlying actions for which, despite its value, no cash payment supported by invoices or documents of equivalent probative value has been made.

This provision of work is typically carried out by the beneficiary himself or by third parties related to him (e.g. his family, friends or neighbours). It also covers work carried out by employees of the beneficiary's or by using the beneficiary's own equipment.

2.8.1.2. Works eligible as CIK

All actions that can be implemented exclusively through the provision of work may be considered eligible for support as CIK (e.g. grubbing up, preparation of the land, planting, inserting trellis in the case of restructuring; manual removal of the bunches in the case of green harvesting).

Any action that cannot be implemented exclusively through the provision of work (e.g. the purchase of plants and trellis in the case of restructuring; the purchase of chemical products in the case of green harvesting using chemical methods) may not be considered as CIK.

2.8.1.3. Calculation of the CIK

In case of use of SSUC

See § 2.7.2.3. "Calculation of SSUC in case of CIK".

In case of use of supporting documents

In case the MS decides to pay for operations of restructuring or green harvesting on the basis of supporting documents to be submitted by the beneficiaries, Article 45(2) DR indicates that the value of the work provided is determined by taking into account the time spent and the rate of remuneration for the equivalent work.

In addition, the calculation of the value of the CIK should respect the following conditions provided for by Article 45(3) DR:

- 1) "the support paid for the operation that includes contributions in kind does not exceed the total eligible expenditure, excluding contributions in kind, at the end of the operation". This means that the total amount of support paid for CIK for an operation may not be higher than the amount of support paid for all the other items of expenditure put together. In other words, CIK should not represent more than half of the eligible expenditure, while at least half of the total eligible costs must consist in the price paid for goods or services and documented by invoices or other document of equivalent probative value.

☞ According to the last subparagraph of Article 45(3), in case of green harvesting, this rule applies only when the operations include some actions that are paid for, e.g. purchase of chemical products.

- 2) "the value attributed to contributions in kind does not exceed the costs generally accepted on the market in question". This means that the value of the CIK should be calculated in such a way as to represent an average of the costs of provisions of work that are generally practiced in the market (i.e. average remuneration usually paid for the provision of work in question);
- 3) "the value and the delivery of the contribution in kind can be independently assessed and verified". This means that MS should have a method allowing the (ex-ante) assessment and (ex-post) verification of the value and the actual implementation of the CIK.

Compliance with points 2) and 3) can be ensured by MS by establishing in advance:

- the average time needed to carry out a specific action with respect to a fixed parameter (e.g. hectare or plant), and
- the average remuneration rate for equivalent work applied in the market.

Beneficiaries should submit a timesheet to document the man/time spent in carrying out the work as well as a technical report indicating the equipment used, whether it belongs to the beneficiary or it was borrowed.

These declarations will be checked for plausibility against the time needed in average to carry out the specific action and then multiplied by the average remuneration rate for equivalent work. Moreover, in case of declaration of use of the beneficiary's equipment, on-the-spot checks should also verify whether that equipment was really available.

In any case, the amount of support corresponding to the CIK cannot exceed the maximum level of support established in advance by the MS (see § 2.7.1.2. "Maximum levels of support/ceilings").

2.8.2. *Personnel costs*

BA	Article 53(b): Empowerment
DR	Article 46: Eligibility of personnel costs

Personnel costs incurred by the beneficiary may be considered eligible for co-financing under the support measures "Information and Promotion" (Article 45 of Regulation (EU) No 1308/2013) and "Innovation" (Article 51 of the same Regulation) on condition that they are directly linked to the supported operation or underlying action.

In order to be eligible, personnel costs must thus be incurred in the provision of specific services for the preparation, implementation or follow-up of that particular operation, including the evaluation.

It may consist of:

- personnel specifically contracted by the beneficiary to carry out the operation of information, promotion or innovation and
- the share of the working hours invested in the operation by permanent staff of the beneficiary.

MS should only accept personnel costs as eligible if the beneficiaries provide supporting documents setting out the details of the work actually carried out in relation to a specific supported promotion or innovation operation.

Therefore in the case of contracted personnel, the beneficiary may present invoices showing the number of persons and time used for the operation or each specific action and proving the corresponding cost.

In case of own staff, the beneficiary shall submit a time sheet showing the number of employees and time spent for each operation or underlying action and evidence on the annual gross employment costs of those specific employees in order to enable the calculation provided for by Article 46(3) DR.

☞ *Personnel costs include the total remuneration, including in-kind benefits in line with collective agreements, paid to people in return for work related to the operation. They also include taxes and employees' social security contributions as well as the employer's compulsory and voluntary social contributions. (From the document "Guidance on Simplified Cost Options of the ESI Funds – pg 16)*

☞ *Travel costs are not considered as personnel costs. (From the document "Guidance on Simplified Cost Options of the ESI Funds – pg 16)*

2.8.3. Administrative costs

BA	Article 53(b): Empowerment
DR	Article 47: Eligibility of administrative costs

Administrative costs incurred by the beneficiary may be considered eligible for co-financing under the support measure "Information and Promotion" (Article 45 of Regulation (EU) No 1308/2013) and "Innovation" (Article 51 of the same Regulation) under the condition that they are related to the preparation, implementation and follow-up of the supported operation or underlying action.

These would include the costs related to the administrative expenses for which it is difficult to determine precisely the amount attributable to a specific activity. They may comprise operating costs such as electricity, water, heating, telephone, faxes, computer use, paper consumption, cleaning.

Concerning the measure "Information and Promotion", the costs for issuing the certificate on the financial statement provided for by Article 41(1) IR are eligible for financing under the category of administrative costs.

MS should establish a ceiling for the administrative costs that may be eligible for support that in any case should not exceed 4% of the total eligible costs of implementing the supported operation.

Within that ceiling, MS may finance administrative costs in two alternative ways:

- a) on the basis of a **flat-rate amount**, i.e. the percentage established as a ceiling will be automatically applied to the overall eligible costs irrespective of the costs actually borne by the beneficiary; or
- b) on the basis of the **actual costs**. In this case, the beneficiary will have to submit supporting documents and the calculation of the administrative costs should be based on the accounting principles, rules and methods used in the beneficiary's country and be in any case limited by the fixed ceiling of 4%.

Example of administrative costs based on a flat-rate amount:

The MS establishes a maximum ceiling of 4% for the support of administrative costs.

Eligible costs documented by the beneficiary: 100.000 €. To this amount the MS will add 4.000 € administrative costs. Total eligible costs: 104.000€.

In case of a financing rate of 40% the total support will thus amount to 41.600€.

2.8.4. Value Added Tax

BA	Article 53(b): Empowerment
DR	Article 48: Eligibility of value added tax

According to Article 48 DR, only genuinely non-recoverable VAT is eligible for support, provided that a certified accountant or statutory auditor of the beneficiary shows that the amount paid has not been recovered and is entered as a charge in the beneficiary's accounts.

Therefore, VAT can only be considered as eligible expenditure if the beneficiary is a taxable person and if a certified accountant or statutory auditor of the beneficiary shows that the amount paid as VAT is not recoverable and is entered as a charge in the undertaking accounts.

2.9. Double financing - Demarcation with other Funds

BA	Article 40: Compatibility and consistency and Article 53(f): empowerment
DR	Article 43: Prohibition of double funding
IR	Article 27: Verification of prohibition of double funding

2.9.1. Demarcation in the Wine NSP

According to Article 43 DR, for each of the support measures of their Wine NSP that might be financed also under another EU instrument, MS have to indicate clear demarcation criteria. Moreover, pursuant to Article 27 IR, MS should indicate in their Wine NSP the provisions adopted to ensure that an efficient control system is in place to ensure that no double funding may be granted.

The concerned support measures are:

- Promotion
- Restructuring and conversion of vineyards

- Mutual funds
- Harvest insurance
- Investments
- Innovation in the wine sector

The two elements mentioned above (demarcation and control system) are to be introduced for each of those measures in the text of the Wine NSP, notably under point A (xi) of Annex I to the IR (Article 3 IR).

The definition of **ex-ante demarcation criteria** by the MS is compulsory. The choice of the financing fund cannot be made at the moment of the submission of the application for support or at any stage of its evaluation.

Moreover, MS will have to define an **ex-post control system** that allows the actual verification that the demarcation in place is implemented effectively and that no double funding occurs.

☞ *Ex-ante demarcation criteria and ex-post control systems are complementary and not alternative to each other. In all cases, MS are to define both in such a detail as to allow knowing in advance which fund should finance a specific operation and how it will be checked that no double funding shall occur. A simple declaration by the beneficiary that no financing will be claimed from other funds for the same operation or a generic statement in the Wine NSP that checks will be performed to avoid double funding are not sufficient. MS should clearly indicate what types of cross-checks will be performed and against which existing databases.*

Provided that these two requirements are respected (definition of a demarcation and of an efficient control system), MS are free to determine whether the prohibition of double funding is applied at the level of the fund, the measure or sub-measure, the beneficiary, the operation or the action.

MS may also decide to establish different demarcation criteria for each administrative region, notably when the Fund with which the demarcation is to be made is managed at the same level (*e.g.* RDPs). In this case MS need to specify the demarcation criteria for each region in the Wine NSP. Moreover, MS should explain how it is ensured that no discrimination is made among beneficiaries of different regions.

2.9.2. Possible demarcation criteria

A non-exhaustive list of types of demarcation criteria that could be envisaged for each of the support measures of the Wine NSP is provided below:

- a) **Exclusivity of support:** *e.g.* applicants are excluded from rural development (RD) or horizontal promotion (HP) support and eligible for Union financing only under the Wine NSP (or the other way around).
- b) **Water tap approach:** *e.g.* financial years, key dates. Applicants will only receive financing under the Wine NSP until or from a certain date (to be clearly documented in advance) as from which support for the same measure will be available under the RDP or another Fund.

- c) **Size of the operation:** *e.g.* the MS fixes a certain threshold below/above which support will be provided under either the RDP (or another Fund) or the Wine NSP (for *example*, smaller investments below €1m, are supported under the wine NSP while the bigger and more complex ones, requiring more than one year for their completion, are supported under the RDP).
- d) **Type of beneficiary:** *e.g.* natural persons will receive support under the Wine NSP while legal persons and their associations will receive support under the RDP or the HP. Another possibility is to set the dividing line between SMEs and non SMEs.
- e) **Type of action/operation:** *e.g.* investments in machineries will be financed under the Wine NSP while the RDP will finance the construction or refurbishing of buildings. Another possibility is to set a list of actions (*e.g.* purchase of presses, barrels, bottling lines etc.) that may receive support under the Wine NSP and a list of actions that may receive support under the RDP. Concerning promotion, MS may determine that operations carried out by producers of the same country that are limited to wine products receive support under the Wine NSP while multi-country or multi-product operations receive support under the HP.

Moreover, MS may consider other elements *such as* the following:

- **Collective approach:** *e.g.* should an association of producers (*e.g.* consortia, OP, IBO), following a collective decision of its members, choose to apply for support under the RDP or the Horizontal Promotion, then all its members will be excluded from support under the Wine NSP for a similar or identical operation or action (this criterion applies typically to operations of promotion in TC or investments/innovation, but may also apply to restructuring and harvest insurance).
- ☞ *Be particularly vigilant in those cases where beneficiaries of the promotion measure profit from EU co-financing from different sources for the same type of actions, in particular where beneficiaries of support for promotion in TC under the Wine NSP also run horizontal promotion (HP) programmes on wine either independently or as members of consortia or other legal entities running promotion programmes on wine in third countries under the HP.*
- ☞ *It would be recommendable to use only one type of demarcation for each support measure in order to ensure clarity for the administrations, the beneficiaries and the Commission audit services. To the same end, it is recommended to use the same terminology as in this paragraph.*

2.10. Notifications

BA	Article 54(c): Empowerment
DR	Article 51: Notifications
IR	Article 19: Reporting and evaluation Article 22: General provisions on notifications Annexes III, IV, V, VI

2.10.1. Reporting

2.10.1.1. General provisions on notifications

According to Article 22 IR, all notifications addressed by MS to the Commission in compliance with the relevant provisions of the IR are to be submitted through ISAMM.

MS are responsible for the timely submission of the notifications and for the correctness of their content.

2.10.1.2. Annex III – Annual report

Annex III to the IR (form number: 00652) lists a minimum set of elements that MS should describe concerning each of the support measures that have been implemented during the previous financial year. MS should add any other information that they deem relevant, including all qualitative or quantitative indicators and quantified targets that they have foreseen in the Wine NSP (see also § 2.3. "Structure and content of the Wine NSP" and in particular part A, point(i) and part G of Annex I).

☞ *The annual report should not repeat information already provided in Annex I, except if necessary to explain the results of the implementation of the Wine NSP. In any case, the annual report should not be used to communicate to the Commission changes to the Wine NSP.*

2.10.1.3. Annex IV – Technical data

Annex IV to the IR (form number: 00653) lists all the quantitative indicators for which MS should provide data concerning each of the support measures that have been implemented during the previous financial year.

The same notification includes figures concerning the past (Execution) and future, expected implementation (Forecast).

Execution

The figures concerning the past implementation should be final by 1st March of the year following the financial year they refer to.

However, in case changes to the notified technical data should intervene after 1st March, MS may notify them in the framework of a subsequent submission of Annex IV, by warning the Commission about those changes.

Forecast

The figures concerning the future, expected implementation should be in line with the financial allocation notified by the MS by using the model set out in Annex II to the IR.

Consequently, each change to the financial allocation should be accompanied by a revised Annex IV, where, for each support measure, the foreseen technical data should be adjusted to the changed allocated budget.

2.10.1.4. Annex V – Notification on the promotion measure

Annex V to the IR (form number: 00654) lists detailed information concerning the operations approved (Forecasts) and implemented (Execution) for each of the support measures information in MS and promotion in TC that MS are to submit to the Commission.

Forecasts

MS should indicate all information/promotion operations that have been approved but not yet paid.

Execution

MS should indicate all information/promotion operations that have been implemented, checked and paid by their paying agencies during the previous financial year. Where MS granted advance payments before any operation is implemented, they need to provide the information concerning those advances in the notification concerning the execution corresponding to the financial year when the advances were paid.

Both for forecasts and execution, MS should indicate for each operation the information requested in Annex V: name of beneficiaries, description of the operation, targeted market(s), implementation period, amount of the total eligible expenditure borne by the beneficiary, amount of the corresponding Union contribution, amount of State aid where applicable.

2.10.1.5. Annex VI – Annual report on checks carried out

(form numbers: 00655-00664)

Column B: total amount of support initially claimed by the applicant.

Column E: number of units paid, i.e. no of hectares for area-based measures, no of litres for operations of by-product distillation, no of operations for other support measures.

Column F: total number of initial applications of support (it does not apply to payment claims). It should correspond to the figure reported in Column I (total number of applications checked) except in case of withdrawn applications.

Column H: the total number of beneficiaries may not correspond to the figure reported in Column G (total number of support applications paid) since a single beneficiary may run several supported operations.

Column I: the total number of support applications subject to administrative checks should correspond to the figure reported in Column F (total number of support applications submitted) as 100% of the submitted applications are to be checked administratively.

Column J: the total amount of the support applications subject to administrative checks should correspond to the amount reported in Column B (total amount of support claimed) as 100% of the submitted applications are to be checked administratively.

Column K: the number of support applications subject to risk-based on-the-spot checks should correspond to the figure reported in Column I (total number of applications checked) in case of support measures that require systematic on-the-spot checks (see § 11.1.2.3. "Control rate and

sampling of on-the-spot checks") except if applications were rejected following the administrative checks: in that case $K < I$.

☞ *Figures should be indicated with maximum 2 decimal digits after the comma.*

2.10.2. Evaluation

According to Article 19(4) IR, by 1st March 2017 and 1st March 2019, MS should add to the conclusions in their annual report (Annex III) following elements:

- (a) C1: Evaluation of the cost-effectiveness and benefits of the support programme;
- (b) C2: Ways to increase the efficiency to the support programme.

☞ *These additional elements should consist, respectively, of an assessment based on the data provided in Annex III and IV and a set of recommendations, resulting from this assessment, on how to improve the implementation of the Wine NSP, including envisaged modifications for that purpose. They may thus be provided in form of considerations with respect to each of the implemented support measures.*

2.11. Advance payments

BA	Article 53(c) and Article 54(f): Empowerment
DR	Article 49: Advance payments
IR	Article 21: Notifications related to advances Article 26: Advance payments

2.11.1. General provisions on advance payments

MS intending to grant advance payments to beneficiaries of the support measures of information and promotion, restructuring, investments, innovation in the wine sector and by-product distillation, should include this option in their Wine NSP for each of the concerned support measure (point (x) of part A. of Annex I to the IR, see also § 2.3. "Structure and content of the Wine NSP"). This mention should be completed with the indication of the maximum amount of advances that the MS decides to grant (which cannot be higher than 80% of the Union contribution) and the conditions for granting them, i.e. the types of securities that can be lodged to guarantee advance payments and the minimum amount to be warranted by the security (100% of the amount of the advance or more).

Advance payments provided for in the Wine NSP may be granted to any beneficiary of the concerned support measure who makes explicit request and who lodges an appropriate security in compliance to the rules provided by MS on the basis of the EU legislation.

2.11.1.1. Calculation of an advance payment

The percentage of the Union contribution that will determine the amount of advance for an operation refers to the total Union

contribution resulting upon approval of the application for support following the conclusion of all due administrative checks.

Example of calculation of an advance payment:

A wine producer submits an application for support under the investment measure for a total amount of expected costs of 250.000€.

Following the administrative checks, the competent authorities consider that only 200.000€ of the proposed expenditure may be eligible for support. If the support rate is 50%, the maximum Union contribution would be 100.000€.

The maximum amount of advance that the beneficiary of that operation may receive is thus 80.000€.

2.11.1.2. **Maximum period of validity of an advance payment**

According to Article 26(4) IR, the beneficiary should spend the total amount advanced before the end of the second financial year following the financial year during which the payment was made except in case of *force majeure* or other exceptional circumstances.

☞ *The date as from which the maximum period of validity is calculated is the day when the beneficiary effectively receives the payment.*

Example of maximum period of validity of an advance payment:

A beneficiary receives an advance payment of 80.000€ for an operation of investment on 31.10.2016 (i.e. in the financial year 2017).

Except in case of force majeure or other exceptional circumstances, the beneficiary will have to spend the whole amount by 15.10.2019 (i.e. the end of the financial year 2019).

If that beneficiary received the advance payment on 1.10.2016 (i.e. in the financial year 2016), the total amount of the advance should be spent by 15.10.2018 (i.e. the end of the financial year 2018).

☞ *Spending the total amount advanced means that the beneficiary should implement a sufficient number of actions whose costs correspond at least to the amount on the basis of which the advance was calculated. In case supporting documents are requested, those costs should be documented (e.g. invoices or timesheets) in such a way as to show the date of implementation. In case no supporting documents are requested, the beneficiary should be able to demonstrate that the concerned actions were implemented before the given deadline (e.g. by submitting the payment claim well in advance in order to allow for on-the-spot checks by that deadline). In any case, the declared costs should be examined by the competent authorities and declared eligible. Only eligible costs should be taken into account for the purposes of the provision laid down in Article 26(4) IR.*

According to Article 27(2) of Commission Delegated Regulation (EU) No 907/2014, if the amount of advance payment cannot be (fully) spent within the deadline provided for by Article 26(4) IR, the administration should forfeit the security.

2.11.1.3. **Advances for multi-annual operations**

Given that the beneficiary should spend the amount of advance within the deadline provided for by Article 26(4) IR, for multi-annual

operations, MS may grant successive advances corresponding to different actions in order to allow sufficient time for spending them.

This does not mean that MS cannot grant further advances before the amount of advance already paid is fully spent. MS may grant other advances in subsequent years, provided that corresponding securities are lodged and that the beneficiaries spend each advance payment within the deadline relative to each of the successive advances.

Example of advances for a multi-annual operation:

Promotion operation lasting 3 years (2016-2018) – Costs considered as eligible following the initial administrative checks: 300.000€ - Support rate: 50% - Union contribution: 150.000€.

The beneficiary will receive following advance instalments:

1) 80% of 1/3 of the total Union contribution = 40.000€ on **1.10.2016**. An amount of at least 100.000€ in eligible costs should be spent **by 15.10.2018**.

2) 80% of 1/3 of the total Union contribution = 40.000€ on **1.07.2017**. An additional amount of at least 100.000€ in eligible costs should be spent **by 15.10.2019**.

3) 80% of 1/3 of the total Union contribution = 40.000€ on **1.03.2018**. An additional amount of at least 100.000€ in eligible costs should be spent **by 15.10.2020**.

In this example, the beneficiary may finish spending the first advance after having received the second and even the third advance payment.

2.11.1.4. Restructuring and conversion of vineyards and advances in case of propaedeutic actions

Article 26(5) IR foresees two conditions in the presence of which the MS may adjust the period referred to in Article 26(4) IR in case of restructuring operations, i.e. the occurrence of adverse climatic events or other natural disasters on the concerned surfaces or the occurrence of certified plant health problems.

In any case, for this support measure, in order for beneficiary to receive subsequent advance payments, any previous action carried out in the same area for which the beneficiary received advanced support must be fully implemented.

☞ *Where relevant, MS should grant advances corresponding to the main actions of the restructuring operation, **e.g.** the grubbing up, the preparation of the land and the replanting, which may take place in different years and each of which is propaedeutic for the implementation of the following.*

☞ *For other multi-action/multi-step support measures (**e.g.** promotion, investments, innovation), in case the finalisation of one action is necessary to start implementing the next one, MS may link the payment of successive advances to the achievement of the previous, relevant action. The different actions concerned may be implemented all in one year or over several years.*

2.11.2. Notifications related to advances

For the beneficiaries, the criterion to consider the advance as being "used" in the sense of Article 21(1) IR should be the reception from their supplier of an invoice by 15 October of the same financial year and/or, for contributions in kind, their estimation through timesheets.

However, MS may exempt from this annual notification obligation beneficiaries of operations for which the Union contribution corresponding to the costs considered as eligible following the initial administrative checks on the application for support is below 5 MEUR.

2.12. State aid

BA	Article 212: National payments related to wine support programmes
IR	Article 20: Notifications related to State aid Annex VII

2.12.1. General provisions on State aid

2.12.1.1. Complementary national payments

According to Article 212 of Regulation (EU) No 1308/2013, in addition to EU support, MS may grant complementary national payments for the support measures: promotion, harvest insurance and investments. These payments need to be in accordance with the Union rules on State aid, which are established in the following texts:

- the European Union Guidelines for State aid in the agricultural and forestry sectors and in rural areas 2014 to 2020 (OJ C 204, 1.7.2014, p. 1), as amended (OJ C 390, 24.11.2015, p. 4),
- Commission Regulation (EU) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (OJ L 193, 1.7.2014, p. 1),
- Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid (OJ L 352, 24.12.2013, p. 1),
- Commission Regulation (EU) No 1408/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid in the agriculture sector (OJ L 352, 24.12.2013, p. 9).

☞ *State aid notifications or requests of exemption are to be submitted by the MS' Permanent Representations to the Greffe of DG COMP through the SANI system.*

For more details of rules applicable to the promotion measure, see § 3.1.8. "State aid for operations of information and promotion".

2.12.1.2. Pure State aid

MS that do not have a Wine NSP may grant national aid to support the wine sector provided that it complies with the rules governing both State aid and the wine CMO.

MS that have a Wine NSP also have the possibility to grant pure State aid (i.e. outside of any EU co-financing) for measures other than promotion, harvest insurance and investments.

2.12.2. Notifications related to State aid

MS granting State aid in accordance with Article 212 BA, are to notify the Commission of the information required by Article 20(1) IR by 1 March every year, by using the model set out in Annex VII to the IR.

The information to be provided varies according to the modality under which State aid is granted, i.e.:

1. Aids falling under the above-mentioned Guidelines are to be notified under Article 108(3) TFEU. For that purpose specific forms have been designed. They are available on the following web sites:

http://ec.europa.eu/agriculture/stateaid/forms/index_en.htm

http://ec.europa.eu/agriculture/stateaid/forms/2014-notification-forms_en.htm

When a notification is considered as complete (i.e. when all needed information has been provided) the Commission takes a decision within a two-month deadline. The notification receives a registration number (SA ...) and the table in Annex VII has to be completed as follows:

- indication of the SA number of the notification and the reference of the Commission decision (C(...)... final) in the column "measure code",
 - indication of "promotion", "harvest insurance" or "investments" in the column "name of the aid measure",
 - indication of the references of the national legal basis (*e.g.* law, decree) governing the aid scheme in the column "legal basis of the measure",
 - indication of the duration of the scheme in the corresponding column.
2. For aids falling under Regulation (EU) No 702/2014, an exemption request must be lodged on the basis of the form available on the following web site:

http://ec.europa.eu/agriculture/stateaid/forms/index_en.htm

When the exemption is granted, an acknowledgement of receipt with a registration number (SA ...) is delivered and the table in Annex VII has to be completed as follows:

- indication of the SA number in the column "measure code",
- indication of "promotion", "harvest insurance" or "investments" in the column "name of the aid measure",
- indication of the references of the national legal basis (e. g. law, decree) governing the aid scheme in the column "legal basis of the measure",
- indication of the duration of the scheme in the corresponding column.

3. For aids granted within the framework of a *de minimis* scheme, the table in Annex VII has to be completed as follows:
- no indication in the column "measure code",
 - indication of "promotion", "harvest insurance" or "investments" in the column "name of the aid measure",
 - indication of the *de minimis* Regulation used in the column "legal basis of the measure" (see the ad hoc sentence to be used in Annex VII),
 - indication of the duration of the scheme in the corresponding column.

For *de minimis* aids, MS do not need to send anything through the SANI system.

2.13. Payments to beneficiaries

BA	Article 54(b): Empowerment
DR	Article 52: Payments to beneficiaries
IR	Article 25: Deadlines for the payments to beneficiaries

Payments should be made directly to the beneficiaries – with the exception of the harvest insurance measure for which the support may be paid through insurance companies as intermediaries.

Moreover, payments should be made in full, i.e. without any deduction (*e.g.* of amounts due from the beneficiary to the administration or to other bodies).

According to Article 25 IR, MS shall set the deadline for lodging the payment claim for each support measure. Such deadline may be expressed in the following forms:

- A calendar date (*e.g.* all beneficiaries should submit their payment claim by 31 May each year) – this option is recommendable for measures requiring yearly payments *such as* harvest insurance and by-product distillation and allows the competent authorities sufficient time for the examination of the claim and the payment before the end of the relevant financial year.
- A period of time (*e.g.* within three months after the completion of the relevant action or operation) – this option is recommendable for measure implying multi-annual operations and allows for the timely examination and payment of committed amounts of the annual budget.

Partial payment claims, covering one or more actions constituting the overall operation, are referred to as interim payment claims.

Payment claims covering the overall operation or closing the accounts for an overall operation are referred to as final payment claims.

According to Article 25 IR, MS should pay the beneficiaries within 12 months after the date of lodging a valid and complete interim or final payment claim.

- ☞ *However, MS should pay as soon as possible and this 12-month period should be considered as a maximum period to be applied only in exceptional cases and not as the standard deadline for payments.*
- ☞ *Moreover, the competent authority should commit to examine the submitted payment claim within a reasonable period of time in order to allow the beneficiary to complete it as soon as possible if necessary and to be reimbursed within the given payment deadline (with the consequent release of the security, where relevant).*

2.14. Changes to beneficiaries' operations

BA	Article 54(e): Empowerment
DR	Article 53: Changes to beneficiaries' operations

According to Article 53(1) DR, "MS may lay down rules regarding changes to the operations submitted by beneficiaries and approved by the competent authorities" and "[b]efore the submission of the final payment claim, and in any case before the on-the-spot check prior to the final payment, a beneficiary should be allowed to submit changes to the initially approved operation provided that they do not undermine the objectives of the overall operation, are duly justified, communicated within the time limits set by the national authorities and approved by them".

- ☞ *These changes may not lead to an increase in the total cost of the operation with respect to those approved by the competent authority. Any additional expenses or higher costs which might lead to an increase in the total cost of the operation in question with respect of the amount approved by the competent authority are not covered and are under the responsibility of the beneficiary.*

MS should indicate in their Wine NSP at least the deadlines for the submission of these changes (in any case before the submission of the relevant payment claim and subsequent administrative and on-the-spot checks) and for the communication of the decision to the beneficiary by the competent authorities. MS may provide for other rules.

In particular, as provided for by Article 53(2) DR, MS may decide to allow "minor changes" provided that they do not affect the eligibility of any part of the operation and its overall objectives.

Therefore, we may refer to "major changes" and "minor changes".

2.14.1. Major changes

By default, a major change is any change to the operation that is not defined by the MS as a minor change in the Wine NSP and as such needs to be approved by the competent authority.

Major changes may affect any part of the approved application for support and must be examined by the competent authority to ascertain that the approved operation is still eligible after the changes and that those do not undermine the objectives of the approved operation.

Those changes should be notified in any case before the submission of the final payment claim in order to avoid penalisation in case they are only detected during administrative or on-the-spot checks. MS should

establish the time limits for the submission of major changes to the ongoing operation by the beneficiary to the competent authority.

- ☞ *MS should commit to provide the prior authorisation within a reasonable period of time in order to allow the beneficiary to carry out the changed action (e.g. change of venue for a promotion event).*
- ☞ *Changes of operations affecting elements that attributed priority to the application enabling thus its selection are to be considered major changes to be evaluated on a case by case basis by the competent authorities. The competent authorities should refuse the changes, where, as a result, the operation would not comply with one or more priority criteria any longer, altering the position of the application for support on the selection ranking and excluded that operation from support. See also § 2.6.3. "Selection of applications based on priority criteria".*

2.14.2. *Minor changes*

Minor changes do not need to be granted approval by the competent authority prior to their implementation.

Article 53(2) DR only provides for a specific example of a minor change that may be allowed by MS, i.e. any financial transfer from one action to the other of an approved operation that does not exceed 20% of the amounts approved for each action, provided that the total amount of approved support does not increase with respect to the initially approved amount. It follows that the changes in the amounts initially approved for each action may lead to overall savings of up to 20% with respect to the initially approved amount for an operation and still fall under the category of minor changes.

Examples of financial transfers among actions:

For an operation of **Promotion in TC**:

Eligible costs approved for each of the underlying actions included in the application:

- 100.000€ for the participation in a wine fair in San Francisco;
- 25.000€ for a wine tasting for journalists at a hotel in San Diego;
- 50.000€ for an audio-visual promotion campaign on the US West Coast.

175.000€ = initial total eligible amount

The beneficiary may change without prior approval the allocation to each action:

- 85.000€ (-15%) for the participation in a wine fair in San Francisco;
- 30.000€ (+20%) for a wine tasting for journalists at a hotel in San Diego;
- 57.000€ (+14%) for an audio-visual promotion campaign on the US West Coast.

172.000€ = final total eligible amount

For an operation of **Investment**:

Eligible costs approved for each of the underlying actions included in the application:

- 10.000€ for a grape pressing machine;
- 25.000€ for 10 barrels;
- 5.000€ for a refrigerator.

30.000€ = initial total eligible amount

The beneficiary may change without prior approval the allocation to each action:

- 8.000€ (-20%) for a grape pressing machine;
- 21.500€ (-14%) for 10 barrels;
- 4.500€ (-10%) for a refrigerator.

24.000€ = final total eligible amount (-20% of the initially approved amount)

MS may define other possible minor changes in their Wine NSP.

Examples of other minor changes:

For operations of **Promotion in TC:**

- Change of venue for events as long as it is a comparable one in the same region;
- Change of size of fair stands or number of attendants as long as the total eligible amount is not exceeded;
- Replacement of promotional and merchandising materials with others of the same type or similar value (corkscrews with drop-stops, t-shirts with aprons...);
- Replacement/modification of means of dissemination (TV channels, magazines);
- Inclusion of materials and means of the same type not initially envisaged.

For operations of **Investments:**

- Change of trademark for a machine as long as the technical characteristics are maintained;
- Change of number of barrels as long as the total capacity is maintained.

Beneficiaries should submit minor changes within the deadline indicated by the MS and, in any case, before the submission of payment claims as shortcomings revealed by on-the-spot checks or other checks cannot be corrected through this procedure.

2.15. Principles of financial management

BA	Article 54(e): Empowerment
DR	Article 54: General principles

MS may only pay support to the beneficiary once the operation has been fully implemented and duly checked.

☞ *Advances represent an exception: they can be paid before the operation is implemented and checked as they are guaranteed by a security.*

In case MS provide for interim payment claims, support may be paid after the implementation of each individual action, provided that checks confirm the due completion of that action.

If subsequent checks reveal that other individual actions are not complete and thus that the overall operation is not fully implemented, MS should recover the money already paid unless:

- a) the remaining actions could not be carried out due to *force majeure* or other exceptional circumstances (Article 54(3) DR); or
- b) the actions that were not carried out were subject to changes to the operation submitted by the beneficiary and the changes were minor or approved by the competent authority (see also § 2.14. "Changes to beneficiaries' operations").

Where the competent authority concludes that these circumstances do not concur, the amounts already paid must be recovered. In case advances were paid, the MS should forfeit the security and may decide to additionally apply a penalty in order to protect the financial interests of the Union.

In order for the MS to ascertain the finalisation of an operation or of an underlying action, the beneficiary should submit a final or an interim payment claim respectively. The competent authority may thus perform the administrative checks on the documentation submitted with the claim as well as, where applicable, the on-the-spot check.

☞ *Interim payment claims are particularly appropriate for multi-annual or multi-step operations **such as** those of information/promotion (see also § 11.2. "Checks related to information and promotion operations") or restructuring and, where applicable, investments and innovation.*

After the performance of all due checks, the competent authorities will determine which of the claimed expenditure is eligible, calculate the Union contribution and pay the support to the beneficiary within the deadline determined in accordance with Article 25 IR.

2.15.1. Proportional payment for area-based measures

An operation is to be considered fully implemented when all underlying actions have been satisfactorily implemented.

However, for the area-based measures restructuring and green harvesting, it may happen that the on-the-spot check reveals that an operation has been implemented in full but not on the total surface for which support was requested. In other words, all underlying actions have been implemented, but the area covered by the operation does not correspond 100% with the area applied for and approved by the competent authorities.

In such cases, the expenses claimed may be considered eligible for support but need to undergo the proportional reductions foreseen by Article 54(4) DR. These reductions are meant to guarantee the proportionality of the approach, while ensuring the sound financial management and the protection of the financial interests of the Union.

2.15.1.1. Changes of surface in area-based measures

MS may decide whether certain changes of the surface subject to restructuring or green harvesting operations should be considered as major or minor changes pursuant to Article 53 DR.

In that case, during the on-the-spot check, the measurement of the area is to be done against the changed surface and not against that approved initially.

For this reason, even if a change in the surface extension qualifies as minor in the MS, such change needs to be duly notified to the competent authority within the deadlines determined by the MS and in any case before the submission of the payment claim. If not, the support to be paid to the beneficiary has to be proportionally reduced in accordance with Article 54(4) DR (see also § 2.15.1. "Proportional payment for area-based measures").

In any case, if the MS decides to consider changes of surface as minor changes, it is recommended to set a limit so that, for **example**, a change is considered minor where it does not exceed 20% of the total surface initially approved with the application for support.

Example of proportional reduction on a changed surface:

The beneficiary has applied for a **restructuring** operation on a surface of 10.838 m². The amount of support foreseen for the overall operation is 10.000€/ha.

After the grubbing up he notifies to the competent authorities that he only intends to replant 10.000m² (= 1 ha). The change to the operation is accepted (or acknowledged in case it is considered as a minor change).

After the replanting, inspectors measure the actually replanted surface and find that:

- a) 100% of the surface (or more) is correctly replanted → payable support = 10.000€
- b) 9.378 m² are correctly replanted (i.e. 93.8% → difference = 16.2%) → payable support = 9.378€
- c) 7.500 m² are correctly replanted (i.e. 75% → difference = 25%) → payable support = actual surface minus twice the difference in percentage between the initially approved surface and the actual surface (i.e. 50% of 7.500 m² = 3.750 m² → 7.500 m² - 3.750 m² = 3.750 m²) → payable support = 3.750€
- d) 5.100 m² are correctly replanted (i.e. 51% → difference = 49%) → payable support = actual surface minus twice the difference (i.e. 98% of 5.100 m² = 4.998 m² → 5.100 m² - 4.998 m² = 102 m²) → payable support = 102€
- e) 4.893 m² are correctly replanted (i.e. 48,9% → difference = 51,1%) → no support

2.15.2. Operations resulting in lower eligible expenditure than the initially approved amount of support

An operation is to be considered fully implemented when all underlying actions (initially approved or changed in application of Article 53 DR) have been satisfactorily implemented and its objectives are met.

It may happen, however, that the final amount of support considered eligible upon examination of the actual payment claim is lower than the amount approved with the initial application for support or following a possible change to the operation according to Article 53 DR.

Such lower amount of final payment may be the result of different factors, such as:

- a) actual savings (e.g. payment of a lower price than initially foreseen for the exactly same action);
- b) non-compliance with administrative requirements resulting in the declaration of non-eligibility of certain actual costs (e.g. invoices dated after a given deadline);
- c) implementation of actions that are cheaper because different than those initially approved.

In the cases falling under points a) and b) the operation is implemented as initially approved and therefore the beneficiary should be paid on the basis of the eligible expenditure claimed.

☞ *In order to ensure the sound financial management of their Wine NSP by avoiding inflated projects which might reduce the financial availabilities for other applications, MS may establish a minimum level of eligible amount to be achieved by the operation (e.g. 80% of the initially approved amount).*

In the case under point c), changes to the actions foreseen in the application for support should have been notified by the beneficiary and, where relevant, approved by the competent authority. Otherwise, Article 54(3) DR applies, i.e. support cannot be paid.

2.16. Declarations of expenditure to the Commission

2.16.1. Exchange rate

Specific rules on the exchange rates applicable to declarations of expenditure to the Commission of MS that have not adopted the euro

are to be found in Commission Delegated Regulation (EU) No 907/2014⁹:

- Article 11(1) second subparagraph for information and promotion operations (see also § 3.1.9."Exchange rate");
- Article 30 for the other measures of the Wine NSP.

⁹ Commission Delegated Regulation (EU) No 907/2014 of 11 March 2014 supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to paying agencies and other bodies, financial management, clearance of accounts, securities and use of euro (OJ L 255, p. 18).

3. PROMOTION

3.1. Common provisions

BA	Article 45: Promotion
DR	Articles 3 – 11: Common provisions
IR	Article 6: Common provisions

3.1.1. Beneficiaries

The beneficiaries of the information and promotion measure are indicated in Article 3 DR.

Professional organisations may be beneficiaries of support under this measure only if they operate mainly in the wine sector. Occasional working in the sector does not entitle applicants to benefit of support under this support measure. MS should specify in their Wine NSP which are the organisations that qualify as professional organisations under their national law. This may cover also consortia of wine makers and any other organisation or body set up with the purpose of protecting a wine denomination of origin or geographical indication.

☞ An agency specialised in promotion campaigns could be hired by professional organisations in the wine sector for a specific operation of promotion in TC, but it cannot apply for support on its own.

Wine producer organisations and **associations of wine producer organisations** that are recognised according to the CMO Regulation as well as **inter-branch organisations** recognised by the MS may be the beneficiaries of this measure.

Temporary associations of two or more wine producers: this covers any producers' associations set up specifically for the purpose of the information or promotion operation with a view to favour small and medium sized enterprises (SMEs) which often do not have alone the technical or financial resources to carry out promotion operations on their own.

Example of temporary associations of two or more wine producers:

ATI (Associazione temporanea d'impresa)

According to the Italian legislation, the ATI (temporary association of undertakings) is a formal association of enterprises aimed at the common participation in the realisation of a specific operation or call for tenders. This form of association is used by companies to achieve the required operational expertise, categories, characteristics or classifications.

Permanent associations of two or more wine producers: this covers any other producers associations that are recognised by the MS, independently of their legal form.

Bodies governed by public law: these are defined by Article 1(9) of Directive 2004/18/EC¹⁰ as: (a) established for the specific purpose of

¹⁰ Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts.

meeting needs in the general interest, not having an industrial or commercial character; (b) having legal personality; and (c) financed, for the most part, by the State, regional or local authorities, or other bodies governed by public law; or subject to management supervision by those bodies; or having an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities, or by other bodies governed by public law.

Non-exhaustive lists of bodies and categories of bodies governed by public law are set out in Annex III to Directive 2004/18/EC.

According to the provision laid down in the third subparagraph of Article 3 DR, a body governed by public law may not be the only beneficiary of the support measure either for information in MS or of promotion in TC.

Private companies may be beneficiaries of support for promotion in TC only if they operate mainly in the wine sector. However, private companies may not be beneficiaries of support for information in MS, as information campaigns may not be brand oriented.

3.1.2. Duration of the support

According to Article 4 DR, the maximum period of duration of an information or promotion operation is three years.

However, if justified in view of the effects of the operation, the support may be extended by an additional period of maximum two years, which can be granted either as one extension of two years or through two extensions of one year each.

Once this period of three plus maximum two years is elapsed, the same beneficiary cannot submit an application for support for the same type of operation in the same market.

Also, the participation of a producer in an association which is the beneficiary of an operation of promotion in a given third country or third country market precludes that the same producer receives support on individual basis for the same third country or third country market.

However, the operator may submit a new application for support for an operation of promotion in a different third country or in a different market in the same third country where he has received support previously. In that case, the operation may be supported for a new period of three years with a possible extension of maximum two years or through two extensions of one year each.

☞ The concept of "different third-country market" is not defined by the Regulations. MS should thus define it in their Wine NSP. The definition can be geographical (a different region in the same country) or referred to the type of market targeted, e.g. retail versus wholesale market or off trade (grocery, independent retail, etc.) versus on-trade retail (bars, restaurants, etc.).

3.1.3. Eligible costs and reimbursement rules

Pursuant to Article 5 DR, in order to be eligible for support, the information or promotion operation should aim at achieving the

objectives of those support measures as laid down in Article 45(1) of Regulation (EU) No 1308/20131, i.e.:

- (a) for **information in MS**: to inform consumers about the responsible consumption of wine and/or the about the quality system set out by the European Union;
- (b) for **promotion in TC**: to improve the competitiveness of European wines.

To this purpose, MS should lay down rules on eligible actions and the corresponding eligible costs that are to be designed in such a way as to ensure that the afore-mentioned objectives are met. Those rules should include also the method that the MS will choose for the calculation of the eligible support, i.e. on the basis of:

- 1) **standard scales of unit costs** – given the complexity that information or promotion operation may present, this method may apply either to the entire operation or to single actions (see also § 2.7.2.2. "SSUC: calculation methods");
- 2) **supporting documents to be submitted by the beneficiaries** – in this case MS may use the possibility to check payment claims with the support of certificates on the financial statements in application of Article 41 IR.

☞ Only the costs of the actions carried out and borne by the beneficiary (including costs borne by the importer or the representative of the beneficiary abroad) after the date the approved operation starts and prior to the date until which the action/operation's costs can be considered as eligible for support.

These costs are eligible only in so far as they:

- can be verified;
- include no costs already charged to another expenditure category;
- are not funded under another action/operation.

3.1.4. Eligibility of certain costs

Some items of expenditure, ***such as*** personnel and administrative costs as well as VAT may be considered as eligible under certain conditions (see § 2.8. "Eligibility of certain costs").

Other items of expenditure may include:

3.1.4.1. Travel and living expenses

Only travel and living expenses that are directly linked to the approved information or promotion operation, concerning precise activities, clearly identifiable and pertaining to the implementation of the operation can be considered as eligible (***e.g.*** costs linked with wine tastings as part of a professional event for promoting or informing about specific wines).

These costs, incurred in implementing actions included in the approved operation, are eligible under the conditions of presentation of supporting documents, unless they are paid on the basis of standard scales of unit costs (see § 3.1.3. "Eligible costs and reimbursement rules").

Depending on the method of reimbursement chosen by the MS, the cost claimed should be checked and financed as follows:

- 1) on the basis of **standard scales of unit costs** (*e.g.* average transportation prices for the travel expenses and daily allowances for normal living expenses), upon submission of supporting documents providing **proof of the reality** of the costs (*e.g.* any document demonstrating the presence of the number of people for which the support was claimed during a certain event in a certain venue); or
- 2) upon **submission of supporting documents** (bills and invoices) providing **proof of the amount, type and reality of the expenditure**.

☞ *It is recommended that travel and insurance costs are established on the basis of the accurate calculation of the actual costs incurred and that the most economical tariffs are used.*

☞ *Pictures may serve as evidence for the competent authorities to decide to what extent the promotion actions were or not in compliance with the eligibility conditions and that consequently the request of payment for this completed action cannot be considered as eligible expenditure under the support measure.*

Example of use of pictures:

In a situation in a fair where besides wine, also other products are promoted and these are clearly visible on those photos presented by the beneficiary (a wine producing company) of their stand in a fair, it needs to be ascertained that support from the Wine NSP is only spent on promotion for wine.

Additional expenses or higher costs, which might lead to an increase in the total cost of the operation with respect to the amount initially approved by the competent authorities, are not covered and are under the responsibility of the beneficiary.

Subcontractor expenses could be considered eligible if they are directly linked to the supported promotion operation in the sense that they are incurred in the provision of specific services for the preparation, implementation or follow-up of that particular operation, including evaluation (see also § 2.8.2. "Personnel costs").

3.1.4.2. Material and equipment

It is recommended that MS finance only the rental of the material and equipment needed for the activities covered by an information or promotion campaign, except where it is demonstrated that it is cheaper to purchase it or it cannot be rented. Material and equipment may be consumable or durable.

Expenditure on consumables

Expenditure on consumables concerns expenditure linked to the purchase, manufacture or use of materials, goods and equipment which:

- (a) have a life expectancy that is shorter than the duration of the operation, and;
- (b) are not deemed to be fixed assets in accordance with the accounting principles, rules and methods used by the beneficiary.

Example of expenditure on consumables:

If wine is taken to an exhibition, fair, wine tasting etc. the eligible expenditure may concern transport, clearance and taxes. The value of the product should be defined case by case in principle on the basis of the cost of production and not on the basis of the market value.

Expenditure on durables

Expenditure on durables concerns expenditure relating to the purchase or manufacture, of material and equipment which:

- (a) is essential for implementation of the measures which has a life expectancy of not less than the duration of the operation or of an underlying action;
- (b) is not deemed to be fixed assets in accordance with the accounting principles, rules and methods used by the beneficiary.

Example of expenditure on durables:

- Re-usable stand exhibitions and fairs;
- Glasses for wine-tastings.

This expenditure should comply with national rules on depreciation, the period used to calculate the amount being the period from the date on which the operation starts, or the date on which the material or equipment is purchased if later than that date, up to the date of expiry of the eligibility of the operation's costs. To limit the use of the purchased material/equipment to the activities in the TC the rate of use of this material and equipment during the period concerned should be established (*e.g.* expressed in days/year) and should be taken into account.

3.1.4.3. Computing costs

Computing costs fall under the category **administrative costs** (see also § 2.8.3. "Administrative costs"). They concern all expenditure relating to connection time, printing, etc. This expenditure can be charged on the basis of the computing time and price actually devoted to the work specified in the approved application for support (the list of computing prices should be included) within the ceiling of 4% established for the administrative costs by Article 47(2) DR.

However, if MS decide to pay administrative costs on the basis of a flat-rate amount in application of Article 47(3) DR, all such costs will be included in that amount and will not need to be demonstrated by the beneficiaries.

3.1.4.4. Publication and distribution costs

Publication and distribution expenditure results from the publishing, translation and distribution of publication.

3.1.5. *Ineligible expenditure*

The following, in particular, cannot be considered as eligible expenditure:

- Funds set aside for any future losses or debts;

- Taxi and public transport travel expenses covered by a daily allowance;
 - Commercial discounts for the wines promoted or other costs that are to be considered as direct support to the producer;
 - Bank charges, bank interest and insurance premiums;
 - Losses on exchange of currencies;
 - In case of a new application by the same beneficiary or in case of a renewal of the operation, MS should verify that the proposed expenses (***such as*** costs of creation of websites, TV/radio spots, audio-visual material, market studies...) have not already been included in the first application;
 - Expenditure not falling within the scope of the operation;
 - Creation and development of a trademark.
- ☞ *The acquisition of patents, licences and copyrights and the registration of collective marks related to the DOP/IGP can only be financed under the investments measure.*

3.1.6. Evaluation

In order to evaluate the success criteria of the support (including in case of an extension) by comparing the expected impact with the impact achieved, it is necessary to focus on the output indicators and the impact indicators foreseen for the operation in connection with the criteria and quantitative indicators foreseen for the support measure by the MS.

Criteria and quantitative indicators that should be used for the evaluation are:

Output indicators to measure the realisation of the actions undertaken in each operation, for ***example***:

- number of events organised;
- number of tastings organised;
- number of professionals reached by mail shots.

Results indicators (to measure the direct and immediate effects of the actions) for ***example***:

- number of professionals/experts/importers who participated in tastings;
- number of professionals/experts/importers who participated in tastings and contacted the Producers Organisation / the producers;
- number of articles published in the press within a month of the Public Relations campaign.

Impact (measuring the benefits beyond the immediate effects) and context indicators, for ***example***:

- sales trends in the months following the campaign;
- sales trends of the beneficiary in the year following the promotion campaigns compared with the previous year and compared with the general sales trends in the market in question;

- comparison of the costs of marketing before and after the promotional actions;
- consumption trends for the product in that country;
- value and volume of export of the product promoted;
- trend in the average unit cost of the exported product in the country in which the campaigns took place;
- change in the image of European quality products, improvement of the reputation.

Depending on the cases, these indicators¹¹ should be interpreted on the basis of appropriate statistics, questionnaires (before, during and at the end of the operation), etc.

3.1.7. *Joint promotion operations*

According to Article 6 IR, two or more MS can decide to select and support a joint information or promotion operation.

Collaborating MS are to work together to achieve the scheme's goals.

Example of joint promotion operation:

Neighbouring MS set common goals to be achieved in the framework of the Wine NSP, e.g.:

- *Bulgaria and Romania: Multinational programme for the promotion of PDO/PGI wines in TC (in Russia/China)*
- *Greece, Italy, Bulgaria: Multinational information campaign for the PDO/PGI wines and their responsible consumption in the internal market of wines from the south of Europe (mediterranean wines) (in Austria, Germany and UK)*

3.1.8. *State aid for operations of information and promotion*

Operations of information in MS and promotion in TC may be partially financed from the national budget of the MS.

To this end, MS should comply with State aid rules, laid down in particular in the European Union Guidelines for State aid in the agricultural and forestry sectors and in rural areas 2014 to 2020¹² and in Commission Regulation (EU) No 702/2014¹³ (exemption regulation for the agricultural and forestry sectors and for rural areas).

¹¹ The following types of indicators can be distinguished:

- context indicators provide information on relevant aspects of the general contextual trends that are likely to have an influence on the performance of the policy;
- output indicators measure activities directly realised within policy interventions as the first step towards realising the immediate aim of the intervention;
- result indicators measure the direct and immediate effects of the intervention providing information on changes in, for example, the behaviour, capacity or performance of direct beneficiaries;
- impact indicators refer to the benefits of the intervention beyond the immediate effects on its direct beneficiaries and are normally expressed in net terms (i.e. subtracting effects that cannot be attributed to the intervention and taking into account indirect effects).

¹² OJ C 204, 1.7.2014, p. 1, as amended by the Notice published in OJ C 390, 24.11.2015, p. 4

¹³ Commission Regulation (EU) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in

It should be underlined that no promotion campaign in favour of specific enterprises or granted towards brand names may receive State aid. In other words, it is possible to grant support under the measure **promotion on third-country markets** for wines displaying a trademark only where the operation is fully financed with EU funds and not where, beside the EU contribution, a MS also grants national aid.

Another possibility is to use the *de minimis* rule, according to which public aids of a limited amount (for wine, aid up to EUR 200 000 over a period of three fiscal years – see Commission Regulation (EU) No 1407/2013) are considered not to be State aids within the meaning of Article 107(1) TFEU. Those aids do not have to be notified nor exempted from notification.

☞ *If a MS uses the de minimis rule, the provisions concerning the aid intensity and the prohibition to finance advertising for specific enterprises, brands or trademarks do not apply.*

3.1.9. Exchange rate

Concerning the exchange rates applicable to declarations of expenditure to the Commission of MS that have not adopted the euro, according to Article 11(1) second subparagraph Regulation (EU) No 907/2014, for operations of information and promotion, "the applicable exchange rate shall be the last-but-one exchange rate established by the European Central Bank before the months in respect of which the expenditure or assigned revenue is declared".

3.2. Information in Member States

BA	Article 45(1)(a) and 45(3)
DR	Articles 6 – 8
IR	Article 4

3.2.1. Objectives of the measure

- 1) Raising consumers' awareness about responsible wine consumption and the risk associated with harmful alcohol consumption;
- 2) Raising consumers' awareness about Union system of protected designation of origin and protected geographical indications (i.e. the quality system designed by the Union for European wines).

3.2.2. Eligible operations

Article 6(1) DR allows for operations of information in MS to encompass:

- a) only information on the responsible consumption of wine and the risk associated with harmful alcohol consumption, or
- b) only information on the EU wine quality system, or
- c) both activities.

Where the information concerns the PDO/PGI system, the origin of a wine and other elements, such as traditional mentions, may be indicated to illustrate the EU wine quality scheme. Nonetheless, the information provided should only relate to the quality, reputation or other characteristics that a specific geographical origin or environment confers to the wines produced in that area. In any case, the information should not aim at promoting a specific brand of wine or encourage the consumption of wine from a certain origin.

Where the information concerns the responsible consumption of wine, any information provided on the effects of wine consumption on the human health and behaviour should be based on scientifically proven data and in line with the approach of the authorities responsible for public health in the MS where the information is disseminated. This means that beneficiaries must comply with any restriction and obligation provided for in the MS where they want to carry out the information campaigns.

The above information activities will only be eligible if they are implemented in the framework of:

- information campaigns carried out, e.g. on audio-visuals or in schools, institutes;
- events, fairs and exhibitions gathering at least operators from all over the targeted MS, which the beneficiary participate in, e.g. with a stand or by organising a conference.

3.2.3. *Eligibility criteria*

MS are to ascertain that each application for support complies with all the eligibility criteria listed in Article 7 DR.

In particular, each application for support must contain following elements and the competent authorities will have to examine the appropriateness of each of them:

- (a) a detailed description of the proposed operation and of all underlying information activities, e.g. the venue, the content and purpose of the activities, the number of persons that will run them and participate in the activities and the costs that the applicant expect to bear for each of them;
- (b) the demonstration that each of the proposed costs is not in excess of normal market rates, e.g. through the provision of different cost estimates, catalogues, price lists;
- (c) documents indicating how the required technical and financial resources are assured.

The elements provided in the application for support should enable the competent authority to assess that the proposed actions are appropriate in view to achieve the goals set for the operation and that the overall operation is consistent with the objectives laid down by the EU legislation for this support measure, i.e. to raise consumers' awareness about responsible consumption or about the quality system set by the Union for EU wines.

☞ *Beneficiaries must dispose of sufficient technical and financial capacities to ensure the finalisation of the proposed operation. In the absence of these conditions, the information operation cannot be considered as potentially successful and the application for support should be refused. If the beneficiary himself/herself cannot demonstrate such capacities, he/she should at least demonstrate that he/she can rely on the capacity of other parties associated to the operation. For example, in case of an operation run by an association, their members should guarantee sufficient financial resources while the technical capacity to carry out the proposed operation may be ensured by professionals hired specifically for the purpose of the operation.*

Only those applications which meet the eligibility criteria are eligible for support and may be examined from the point of view of priority criteria.

3.2.4. *Priority criteria*

Priority criteria are listed in Article 8 DR. Based on the specific strategy and objectives set out in their Wine NSP, MS may introduce additional priority criteria in accordance with Article 8(2) DR.

3.3. Promotion in third countries

BA	Article 45(1)(b), 45(2) and 45(3)
DR	Articles 9 – 11
IR	Article 5

3.3.1. Objectives of the measure

To improve the competitiveness of EU wines in third-country markets.

3.3.2. Eligible operations

Article 9 DR sets out the requirements for operations to be considered as eligible under this support measure:

- a) the operation may only concern products intended for direct consumption and third countries where there are actual further export opportunities or potential new market outlets;
- b) in case of PDO/PGI wines, the origin of the product may be indicated as part of the promotion operation;
- c) the operation should be clearly defined, including the specific wines promoted, the marketing actions proposed and their costs;
- d) any promotion messages must be based on the intrinsic qualities of the wine and they should comply with the legislation applicable in the third countries at which they are targeted.

3.3.3. Eligibility criteria

MS are to ascertain that each application for support complies with all the eligibility criteria listed in Article 10 DR.

In particular, each application for support must contain following elements and the competent authorities will have to examine the appropriateness of each of them:

- (a) a detailed description of the proposed operation and of all underlying promotion activities, e.g. the venue, the content and purpose of the activities, the number of persons that will run them and participate in the activities and the costs that the applicant expect to bear for each of them;
- (b) the demonstration that each of the proposed costs is not in excess of normal market rates, e.g. through the provision of different cost estimates, catalogues, price lists;
- (c) documents indicating how the required technical capacity to face the specific constraints of trade with third countries and sufficient financial resources to ensure that the operation is effectively implemented are assured;
- (d) documents proving that the beneficiary disposes of sufficient product in terms of quantity and quality to address the increased demand that the promotion operation is meant to achieve in the subsequent years.

The elements provided in the application for support should enable the competent authority to assess that the proposed actions are appropriate

in view to achieve the goals set for the operation and that the overall operation is consistent with the objectives laid down by the EU legislation for this support measure, i.e. to improve the competitiveness of EU wines in third-country markets, notably through the access or consolidation of the presence in the third-country market of the producer/producers who carry out the specific promotion operation.

☞ *Beneficiaries must be able to face the constraints of the promotion operation with sufficient technical and financial capacities. In the absence of these conditions, the promotion operation cannot be considered as potentially successful and the application for support should be refused. If the beneficiary himself/herself cannot demonstrate such capacities, he/she should at least demonstrate that he/she can rely on the capacity of other parties associated to the operation. For **example**, in case of an operation run by an association, their members should guarantee sufficient financial resources while the technical capacity to carry out the proposed operation may be ensured by a promotion agency hired for the specific purpose of the operation.*

Only those applications which meet the eligibility criteria are eligible for support and may be examined from the point of view of priority criteria.

3.3.4. Priority criteria

Priority criteria are listed in Article 11 DR.

☞ *Concerning the priority criterion provided for by Article 11(1)(b) DR (beneficiaries targeting a new third country (TC) or a new TC market), MS may decide either to assign priority only to operations taking place exclusively in new TC or TC markets or, in case of operations to take place in different markets, to assign scores proportionally to the support considered eligible for new TC or TC markets with respect to the total amount of support requested.*

☞ *For the definition of "new third-country markets" see § 3.1.2. "Duration of the support").*

Based on the specific strategy and objectives set out in their Wine NSP, MS may introduce additional priority criteria in accordance with Article 11(2) DR.

3.3.5. Eligible actions

Article 45(2) BA indicates the promotion actions that are eligible for support.

Each promotion operation may consist of one or more of the provided actions and may include one or more of the following components:

☞ *If the beneficiary has already received support for a promotion operation in another third country or in another market of the same third country, since there is a high risk of financing for the second time expenses already covered by the first application for support, MS should verify that the actions already financed under the previous operation (**such as** creation of websites, TV/radio spots, audio-visual material, market studies...) are not financed again.*

3.3.5.1. Public relations, promotion or advertisement activities on the media:

- Advertising in the press;
- Advertising TV and radio spots;
- Advertising, information on the Internet, Internet social platforms, creation of a website¹⁴;
- Notices concerning an event (press, TV, radio, Internet, etc.);
- Podcasts.

3.3.5.2. Participation at events, fairs or exhibitions, including shows, wine tastings, sales promotion, meetings with buyers, dinners with media, travel information into the EU:

- Rental of stands or locals;
- Rental of equipment, *e.g.*: glasses and other furniture for the organisation of the event including advertising;
- Rental of screens and other devices to promote sales;
- Purchase of other equipment;
- Transport of wine and material;
- Purchase of wine and food;
- Lunches, dinners or events with experts (*e.g.* journalists, importers, market coordinators) Information travels for experts (*e.g.* journalists, importers, market coordinators) to the area where the wine is produced;
- Travels to third countries;
- Public relations linked to the organisation of the event.

☞ *According to Article 9(d) DR, the main promotion message should be based on the intrinsic qualities of the wine. The origin of the promoted products is to be indicated in case of PDO/PGI wines, but the promotion message shall not be shaped in such a way as to encourage consumers to buy goods solely by virtue of their origin. The display of origin and brands shall complement the main Union message.*

☞ *MS should verify that the proposed promotion message does not breach the principle of fair competition, i.e. that the advertising campaign does not risk jeopardizing sales or denigrate products of wine producers of other MS.*

¹⁴ In case of websites, the operation financed must be in line with the market targeted in order to avoid an overlapping with the investments measure.

3.3.5.3. Information campaigns with advertising or promotional material (leaflets, press releases, didactic materials, gadget, DVD, posters):

- Creation and production;
- Translation of contents;
- Expenditure related to sending the promotional material by post.

3.3.5.4. Studies of new markets and evaluations

- Market studies (including for *example* panels and pre-test before launching new products, *e.g.* in new TC or new TC markets);
- Evaluation studies on the result of promotion operations.

4. RESTRUCTURING AND CONVERSION OF VINEYARDS

BA	Articles 46, 64, 66, 68
DR	Articles 12 – 16
IR	Article 7

4.1. Beneficiaries

According to Article 12 DR, only wine growers as defined in point (a) of Article 2 of Commission Regulation (EC) No 436/2009¹⁵ or "future" wine growers in possession of authorisations based on the conversion of certain planting rights (see point c) ii, iii and iv under § 4.2.1. "Authorisations for wine plantings and access to restructuring") can apply for support under the restructuring measure.

☞ *An authorisation for replanting is needed for all operations implying the replanting of vines. Other operations, **such as** those linked to varietal conversion by means of grafting-in or certain improvements to vineyard management techniques (**e.g.** replacement of trellis or change of the density of the vines), do not require beneficiaries to hold an authorisation but only to have areas planted with vines duly registered in the vineyard register.*

According to Article 2(a) of Commission Regulation (EC) No 436/2009, 'wine grower' shall mean a natural or legal person, or a group of natural or legal persons, whatever legal status is granted to the group and its members by national law, whose holding is situated within Community territory, as defined in Article 299 of the Treaty, and who farms an area planted with vines.

☞ *No more than one wine grower can be beneficiary of a restructuring operation.*

4.2. Eligibility criteria

4.2.1. Authorisations for vine plantings and access to restructuring

Under the rules of the scheme of authorisations for vine plantings, which is applicable since 1 January 2016, vines of classified wine grape varieties may only be planted or replanted if an authorisation is granted. Three types of authorisations are foreseen in this scheme:

- a) Authorisations for new plantings (Article 64 BA);
- b) Authorisations for replantings (Article 66 BA);
- c) Authorisations based on the conversion of (Article 68 BA):
 - i. Replanting rights originating from the same holding
 - ii. Replanting rights acquired from another holding/producer
 - iii. Planting rights granted from a reserve
 - iv. New planting rights

¹⁵ Commission Regulation (EC) No 436/2009 of 26 May 2009 laying down detailed rules for the application of Council Regulation (EC) No 479/2008 as regards the vineyard register, compulsory declarations and the gathering of information to monitor the wine market, the documents accompanying consignments of wine products and the wine sector registers to be kept (OJ L 128, 27.5.2009, p. 15).

a) *Authorisations for new plantings (Article 64 BA):*

Operations based on authorisations for new plantings under Article 64 of the CMO Regulation are excluded from the scope of the restructuring measure, which requires the pre-existence of a non-abandoned vineyard.

b) *Authorisations for replantings (Article 66 BA):*

Operations based on authorisations for replanting in the same farm holding under Article 66 of the CMO Regulation can obtain support under the restructuring measure.

c) *Authorisations based on conversion (Article 68 BA):*

i. *Replanting rights originating from the same holding*

In case the authorisation is granted to a wine grower on the basis of the conversion of replanting rights generated from grubbing up of vines in that same wine grower's holding, he can obtain support under the restructuring measure as long as he applies for support within the period of validity of the authorisation which ends at the latest on 31 December 2023.

ii, iii, iv *Replanting rights acquired from another holding/producer, Planting rights granted from a reserve, New planting rights*

Concerning authorisations granted on the basis of the conversion of other types of planting rights (i.e. planting rights granted from a reserve, replanting rights acquired from other producers, or new planting rights), those authorisations may give access to the restructuring aid until the end of the running Wine NSP 2014-2018, if the converted planting right under the current programme formulation can give access to such aid. Therefore, restructuring operations based on those converted rights can be financed as long as the corresponding aid applications are approved by 15 October 2018. After the end of the 2018 financial year, such authorisations will no longer give access to the restructuring aid.

Furthermore, it must be ensured that any operation submitted and approved by MS under this measure does not circumvent neither possible restrictions on the granting of authorisations for replantings decided on the basis of Article 66(3) BA and Article 4 of Delegated Regulation (EU) 2015/560, nor possible restrictions decided on the use the authorisations granted in according to Article 68 BA.

4.2.2. *Time limits for the implementation of the operations*

MS should establish the time limits for the implementation of the restructuring operations by taking into account the rules on the scheme of authorisations for vine plantings which imposes in any case certain maximum time limits.

For instance, in the case of **anticipated replanting**, Article 66(2) BA allows a maximum period of 4 years to complete the grubbing up after the replanting of new vines on another area. However, the MS could reduce this period (***e.g.*** to 2 or 3 years).

In the case of **normal replantings**, the maximum time between grubbing up and replanting will depend on variables such as MS' choices on wine plantings according to Article 8(1) IR (i.e. choices for the deadline to submit the authorisation after grubbing up and choices regarding the calendar for granting the authorisations for replantings) and the time of the year when the wine grower effectively grubs up. In any case, the replanting has to take place within the period of validity of the authorisation granted to the producer, i.e. 3 years. The national authorities should verify the authorisation before the final payment.

4.3. Eligible actions

Support for restructuring, which could also contribute to improving sustainable production systems and the environmental footprint of the wine sector, may only cover one or more of the following activities:

- (a) varietal conversion, including by means of grafting-on;
- (b) relocation of vineyards;
- (c) replanting following mandatory grubbing up;
- (d) improvements to vineyard management techniques.

In their Wine NSP, MS may combine actions mentioned under any of these activities or to use them independently. For *example*, even if installation of irrigation facilities is mentioned as an activity to improve the vineyard management techniques, in case of replanting of a vineyard in the framework of the varietal conversion measure, MS may also foresee installation of irrigation facilities in the new vineyard.

However, the activities should concern *important* modifications to the vineyard itself. In other words, the activity must constitute a *structural change to the vineyard*. The requirement of a *structural* change concerns points a), b) and d) of Article 46(3) of Regulation (EU) No 1308/2013.

As regards point d) improvements to vineyard management techniques, *e.g.* the construction of terraces or irrigation system could be eligible under that point, but a construction of a physical barrier or a net to protect the vine plants and grapes against birds or animals is not eligible (except in case of planting a new vineyard with new vine plants which are sold and delivered with small plastic tubes surrounding the vine plants, also if the tubes are sold independently for these new plants).

Actions linked to varietal conversion (a) and relocation of vineyard¹⁶ (b):

- **actions linked to the vineyard to be restructured:**
 - grubbing up
 - removal of the support system (trellis)
 - collection and transport of vine stocks, roots and other vegetal rests

¹⁶ It also includes an establishment of vineyard following land consolidation. However, land consolidation is not eligible. It can also include the density modification of a vineyard if it concerns important modifications to the vineyard itself and constitutes a structural change to the vineyard and not a day-for-day management. In this case the SSUC have to be adapted to this specific modification.

- **actions linked to the preparation of the soil of the new (restructured) vineyard:**
 - soil analysis
 - cleaning the soil from stones
 - deep tillage, ploughing, harrowing and milling
 - replacement of volcanic soil
 - carting soil to the vineyard
 - disinfection
 - organic and mineral fertilisation
- **actions linked to the planting or grafting of the new (restructured) vineyard:**
 - tracing of the plantation
 - planting out of vines (labour, plants, materials and other input)
 - watering for the purposes of the planting
 - grafting / grafting-on
 - establishment and modification of the support structure (trellis)
 - purchase of material (equipment of fixation (anchor), posts, graft, grafted plants, iron bar, steel wire, hooks vine/wire and wire/bar)

Actions eligible under the activity replanting following mandatory grubbing up (c):

All actions listed above concerning the preparation of the soil of the new (restructured) vineyard and the planting of the new (restructured) vineyard are eligible for support.

The costs of the grubbing up of infected vineyards and the compensation for loss of revenue shall not constitute eligible expenditure.

Actions eligible as improvements to vineyard management techniques (d):

- **actions linked to the changing of the slope / level of the vineyard:**
 - changes in the terrain profile (slope)
 - levelling of the soil
 - transforming and establishing vineyards into ones allowing direct tractor access
- **actions linked to the construction of anti-erosion facilities (draining) in the vineyard:**
 - flow-retaining and flow-leading furrows and/or collectors
 - underground drains
- **actions linked to terraces and walls:**
 - converting to cross terracing
 - establishment, reconstruction or destruction of terraces, with or without stone walls
 - construction or reconstruction of terrace walls, including the necessary foundations

- **actions linked to the technical installations in the new (restructured) vineyard:**
 - establishment and modification of the support structure (trellis)
- **actions linked to the installation or improvement of an irrigation system:**
 - setting-up and improvement of an irrigation system
- **actions linked to improvements of existing vineyards:**
 - density modification of a vineyard
 - removal and replacement of the support system
 - related pruning activity.

4.4. Ineligible costs

Article 14 DR lists those actions whose cost cannot be considered as eligible for support under the restructuring measure.

In particular, the following actions are not eligible:

- The normal renewal of vineyards, which means the replanting of the same parcel of land with the same wine grape variety according to the same system of vine cultivation, when vines have come to the end of their natural life, shall not be supported. MS may lay down further specifications, especially as regards the age of the vineyards replaced.
- Simple replacement or day-to-day management of a vineyard, i.e. all technical activities necessary for the maintenance of the vineyard and that do not represent a structural change, since the aim of the measure is the improvement in terms of adjustment to market demand and increased competitiveness.

☞ The elimination of a number of old vines does not constitute a structural change eligible for support: it is rather to be considered as normal renewal after the end of the natural life of the vines.

- Protection against damage by game for **example** by:
 - construction of fencing
 - active protection involving a human making sound
- Protection from birds for **example** by:
 - covering the vine rows with grape protection nets
 - various bird-scaring machines
 - active protection involving a human making sound
- Protection from hail by covering of vine rows with grape protection nets
- Construction of windbreaks / wind protection walls
- Driveways - both within a vineyard and those leading to a vineyard
- Elevators
- Land consolidation (i.e. operations of aggregations of parcels)

4.5. Forms of support and support rates

Support for restructuring, including improving vineyard management techniques, may only take the following forms:

- (a) compensation to producers for the loss of revenue due to the implementation of the measure;
- (b) contribution to the costs of restructuring and conversion.

For the compensation for loss of revenue, the Union contribution may cover up to 100% of the relevant loss in form of financial compensation. In alternative, the compensation may consist in allowing for the co-existence of old and new vines for a maximum period of four years (Article 66(2) BA).

For the contribution to the costs of restructuring and conversion, the Union contribution shall not exceed 50% of the eligible costs. This support rate may increase up to 75% for operations carried out in less developed regions (Article 46(6) BA).

Pursuant to Article 3(5) of Regulation (EU) No 1308/2013, "less developed regions" means those regions defined as such in point (a) of Article 90(2) of Regulation (EU) No 1303/2013.

Article 46(6) BA explicitly refers only to "less developed regions", as being eligible for a maximum level of support of 75%. Consequently, other type of regions (i.e. transition regions and more developed regions) may only benefit of a maximum contribution rate of 50% of the eligible costs.

A beneficiary may receive support both for contribution to the restructuring and conversion costs and for compensation for loss of revenue, if there has actually been lost revenue and co-existence of old and new vines has not been allowed.

However, in case of replanting following mandatory grubbing up referred to in Article 46(3)(c) BA, the beneficiary can only receive a contribution to the actual restructuring and conversion costs, whereas support both for the grubbing up of the infected vineyards and for the loss of revenue is excluded.

An **incentive premium** may not be included within the granted support (*e.g.* an additional aid given in case of the wine growers participating in a land consolidation is not eligible).

4.6. Priority criteria

MS may introduce priority criteria based on the specific strategy and objectives set out in their Wine NSP, in accordance with Article 16 DR.

4.7. Exchange rate

Concerning the exchange rates applicable to declarations of expenditure to the Commission of MS that have not adopted the euro, for restructuring operations, the operative event for the exchange rate shall be the first day of the wine year in which support is granted (Article 30(1)(a) Commission Delegated Regulation (EU) No 907/2014).

5. GREEN HARVESTING

BA	Article 47
DR	Articles 17 – 23, 44 - 45
IR	Article 8 - 10

5.1. Objective of the measure

According to Article 47 BA, "green harvesting" means the total destruction or removal of grape bunches while still in their immature stage, thereby reducing the yield of the relevant area to zero.

Support for green harvesting shall contribute to restoring the balance of supply and demand in the Union wine market in order to prevent market crises.

☞ *MS need to adopt rules on the implementation of the green harvesting measure and on the calculation of the compensation for the beneficiaries in such a way as to ensure that support does not become a permanent alternative outlet for products compared to placing them on the market (recital 6 IR).*

5.2. Beneficiaries

According to Article 17 DR, only wine growers can be beneficiaries of the support for green harvesting.

The term "wine grower" is defined by Article 2(a) of Commission Regulation (EC) No 436/2009 as *"a natural or legal person, or a group of natural or legal persons, whatever legal status is granted to the group and its members by national law, whose holding is situated within Community territory, as defined in Article 299 of the Treaty, and who farms an area planted with vines"*.

5.3. Application of the support measure

According to Article 47 BA and Articles 8 and 10 IR, MS shall:

- (1) establish by **10 June** of each year:
 - (a) an expected market situation justifying the application of green harvesting to restore market balance and to prevent crisis and the deadline for carrying out the operation of green harvesting;
 - (b) a deadline for carrying out the green harvesting. This deadline should be fixed at a date after the establishment of the expected market situation;
 - (2) set the deadline for the submission of applications for support for green harvesting between **15 April and 10 June** of each year;
 - (3) adopt provisions for prior notification from the beneficiaries of the date when the operations of green harvesting will be carried out.
- ☞ *The deadline for producers to complete the operations should be fixed in such a way as to ensure the total destruction or removal of grape bunches while still in their immature stage, thereby fully eliminating the yield of the relevant area;*

In case of complete or partial damage occurring between the payment of the green harvesting support and the harvesting period, no harvest insurance financial compensation of the loss of income may be granted for the area already supported.

5.8. Priority criteria

MS may introduce priority criteria based on the specific strategy and objectives set out in their Wine NSP, in accordance with Article 16 DR.

***Examples of priority criteria** and relevant explanation:*

- *size of the beneficiary (surface)*
- *priority to the manual method (because of the implications of the other two methods i.e. mechanical and environmental).*
- *areas of production (e.g. PDO, PGI wines or not)*

5.9. Exchange rate

Concerning the exchange rates applicable to declarations of expenditure to the Commission of MS that have not adopted the euro, for green harvesting operations, the operative event for the exchange rate shall be the day on which the green harvesting operation takes place (Article 30(4) Commission Delegated Regulation (EU) No 907/2014).

6. MUTUAL FUNDS

6.1. Exchange rate

Concerning the exchange rates applicable to declarations of expenditure to the Commission of MS that have not adopted the euro, for operations of mutual funds, the operative event for the exchange rate shall be the first day of the wine year in which support is granted (Article 30(1)(b) Commission Delegated Regulation (EU) No 907/2014).

7. HARVEST INSURANCE

BA	Article 49
DR	Articles 27 - 31
IR	Article 13

7.1. Objectives of the support measure

According to Article 49(1) BA, support for harvest insurance shall contribute to safeguarding producers' incomes where there are losses as a consequence of natural disasters, adverse climatic events, diseases or pest infestations. Insurance contracts shall require that beneficiaries undertake necessary risk prevention measures.

According to Article 49(4) BA, support for harvest insurance shall not distort competition in the insurance market.

7.2. Beneficiaries

The beneficiaries of this support are indicated in Article 27 DR.

7.3. Application procedure

☞ *Wine growers applying for the support shall make their insurance contract available to the competent authorities in order to allow the MS to comply with the condition laid down in Article 49(2) of Regulation (EU) No 1308/2013.*

☞ *In the case of collective insurance contract, stipulated by organizations in the name of the wine growers, it should be clear what is the premium related to each of the insured wine growers.*

7.4. Payments to beneficiaries

Support for harvest insurance may be granted in the form of a Union financial contribution according to the rules indicated in Article 49 BA and Article 28 DR.

☞ *According to Article 49(3) BA, support for harvest insurance may be granted if the insurance payments concerned do not compensate producers for more than 100 % of the income loss suffered, taking into account any compensation the producers may have obtained from other support schemes related to the insured risk.*

7.5. Conditions for the proper functioning

For the purposes of Article 49 BA, MS shall adopt conditions for the proper functioning of the measure referred to in that Article, including those necessary to ensure that the support does not distort competition in the insurance market, in particular by fixing ceilings as indicated in Article 29 DR.

Example of the steps to implement the conditions laid down in Article 29 DR and 49(3) BA:

A. MS shall fix financial ceilings for the amounts of support that may be granted. These ceilings may be based on normal market rates and standard assumptions of income costs (**e.g.** the maximum prices of the grapes can be established for each variety by an independent authority).

B. The premium is calculated by the insurance company on the historical basis (yield) and through a rate of risk (it may vary according to the area etc).

C. A comparison of the two amounts (A. and B.) resulting from the previous calculations is done and the smallest value is considered for the next step. By following this step the MS ensures that the support does not distort competition in the insurance market.

D. The amount resulting from C. above is taken as reference for the calculation of the support that may be granted according to Article 49 BA.

7.6. Priority criteria

MS may introduce priority criteria based on the specific strategy and objectives set out in their Wine NSP, in accordance with Article 31 DR.

7.7. Exchange rate

Concerning the exchange rates applicable to declarations of expenditure to the Commission of MS that have not adopted the euro, for operations of harvest insurance, the operative event for the exchange rate shall be the first day of the wine year in which support is granted (Article 30(1)(c) Commission Delegated Regulation (EU) No 907/2014).

8. INVESTMENTS

BA	Article 50
DR	Articles 32 - 36
IR	Article 14

8.1. Objectives of the support measure

According to Article 50(1) BA, investments shall be intended to improve the overall performance of the enterprise and its adaptation to market demands, as well as to increase its competitiveness and shall concern the production or marketing of grapevine products referred to in part II of Annex VII BA.

8.2. Beneficiaries

According to Article 32 DR, the beneficiaries of this support are wine enterprises producing or marketing the grapevine products, wine producers organisations, associations of two or more producers or interbranch organisations, as indicated in Article 32 DR.

☞ *The eligibility of a beneficiary of the investments measure is necessarily related to its objectives according to Article 50(1) BA (see § 8.1. "Objectives of the support measure").*

Wine enterprises can be beneficiaries of the investments measure if their **main activity** is the production or marketing of grapevine products or if they have the processing made externally on their behalf as long as they carry out the marketing themselves, i.e. the support can be granted to a range of beneficiary from wine processors to wine traders or both.

☞ *As the legislation does not clearly define **wine enterprises**, MS should specify in their Wine NSP if they intend to exclude from support retail enterprises such as oenothèques and wine bars that are independent of actual wine enterprises.*

☞ ***Grape producers** who do not process their grapes and/or market the resulting wines cannot be beneficiaries.*

☞ ***Distillers, groceries, supermarket, restaurants etc.** cannot be beneficiaries.*

8.3. Eligible actions and eligible costs

According to Article 50(1) BA, support may be granted for tangible or intangible investments¹⁷ in processing facilities and winery infrastructure, as well as marketing structures and tools. The investments shall concern the production or marketing of grapevine products referred to in Part II of Annex

¹⁷ The definition of investments "tangible" and "intangible" derives from Article 2 of Regulation (EC) No 800/2008 concerning certain categories of aid compatible with the common market (General block exemption Regulation):

- "tangible assets" means, without prejudice to Article 17(12), assets relating to land, buildings and plant, machinery and equipment;
- "intangible assets" means assets entailed by the transfer of technology through the acquisition of patent rights, licences, know-how or unpatented technical knowledge.

VII BA, including with a view to improving energy savings, global energy efficiency and sustainable processes.

Only the costs of the actions indicated in Article 33(1) DR are eligible for support:

- (a) the construction, acquisition, including leasing, or improvement of immovable property;
- (b) purchase or lease-purchase of new machinery and equipment;
- (c) general costs linked to expenditure referred to in points (a) and (b), such as fees of architects and engineers, consultation fees and feasibility studies, as well as the acquisition or development of computer software and acquisition of patents, licenses and copyrights and the registration of collective marks.

☞ *The costs mentioned under point (c) correspond to the definition of "intangible assets".*

The following list contains actions that can be included under the measure "investments" in accordance with Article 50 BA. This is an indicative list based on the compilation of operations included in the Wine NSP in the 2009-2013 programming period and on the experience gained from the controls on the implementation of these programmes.

To facilitate the reading, these actions are divided in four categories created according to the following main topics regarding investments linked to:

1. production of wine products (from grape processing to bottling and labelling of wine in the cellar);
2. quality control;
3. marketing of wine products;
4. investments linked to the holding in general.

In each of the four sub-categories the eligible operations are grouped into three sub-headings corresponding to the categories of eligible costs listed in Article 33(1) DR:

☞ *Investments can be done in a MS other than the producing MS for the marketing of wine products (see point 3. below).*

Production or marketing of wine products

1. Production of wine products (from grape processing to bottling and labelling of wine in the cellar)

(a) construction, acquisition, including leasing, or improvement of immovable property

- **temperature control:**
 - cold storage rooms
- **cellar infrastructure:**
 - vintage pipelines (canalisations à vendanges)
 - piping, various networks (oxygen, nitrogen, water, SO₂, etc.)
 - fitting and ancillary equipment

- automatic systems
 - electricity and other installations
 - construction
- (b) *purchase or lease-purchase of new machinery and equipment, including computer software*
- **machinery / equipment for the processing of the grapes (reception, weighting, crushing, pressing, etc.):**
 - mobile technical equipment of the transport, reception, processing of grapes
 - material for measuring and analysis of grapes
 - stemmer (égrappoirs), crusher (fouloirs)
 - machinery and equipment for sorting
 - grape press
 - grape dejuicer (égouttoir)
 - grape marc pump
 - conveyor
 - **equipment for fermentation / vinification:**
 - facilities for the fermentation of wine mash
 - material for treatment of the grapes (thermo-vinification, flash release)
 - fermentation stands (made of wood or metal)
 - fermentation tanks / ancillary tanks for the vinification; special fermenting vessel to obtain red wine with active equipment for sinking the grape marc cap
 - micro-oxidation equipment
 - equipment for controlling fermentation:
 - measuring components
 - control technology
 - installation
 - piping (in the case of retrofitting, tank inserts and/or the installation of cooling jackets)
 - equipment used to separate wine from wine lees, *e.g.* rotary vacuum filters and residue filters
 - **equipment for wine processing: treatment of the wines and musts (filtration, sedimentation, clarification, etc.):**
 - filters: diatomaceous earth filters, cross-flow filters, sheet filters, innovative techniques for the filtration
 - filtration earths
 - equipment for the settling and clarification of must and wine; centrifuge
 - equipment for the tartaric stabilization
 - extraction of the grape marc
 - equipment of the conveying of grape marc and wine lees
 - mobile technical equipment of wine production

- **temperature control:**
 - refrigerators
 - cooling
 - equipment for the control of temperature in the fermentation / production and storage of wine, e.g. cooling units, exchangers, boilers
- **equipment for movements (and treatment) of the wine in the cellar:**
 - machines / handling equipment incl. computer software to be used in the framework of the transport / logistics of raw materials and products (in the phase of wine making or in the cellar of the warehouse):
 - pumps, transfer pumps
 - vessels and containers for the handling of the wine
 - lifting devices, e.g. forklift trucks
 - baskets and gyro pallets for the handling of bottles
- **equipment for storage, blending, after-care and ageing of the wine:**
 - barrels / tanks for wine-making and wine storage / ageing, made out of wood (incl. barriques) / concrete / steel / stainless steel / polyester fibre
 - restoration of facilities for the storage of wine products, e.g. renovation of tanks through internal coating of the type epoxy or stainless steel
 - self-draining tanks
 - thermo-regulated vats
 - mobile steel tanks for the ageing
 - plastic containers
 - machinery / equipment for the storage and preservation of wine products
- **equipment for technology linked to sparkling wines (production, storage, bottling and conditioning):**
 - machinery / equipment for the production, storage, bottling and conditioning of sparkling wine
 - equipment for shaking of the wines (remuage vins); machines for the mechanical hand remuage (mobile, self-propelled or portable)
 - dégorgeuse (disgorgement system for yeast removal)
- **equipment for conditioning (bottling, labelling, packaging):**
 - machinery / equipment for the bottling / labelling / conditioning / packaging
 - technique of machines for the closure of bottles
 - mobile technical equipment of bottling and conditioning
 - dual tanks (cuvée divisionnaire (dite "de monnaie"))
- **software for cellar management:**

- computers and their software to improve quality in the transport and processing of grapes, wine production and processing and storage of raw materials and products
- computer equipment and related programs aimed at the control of technological equipment for processing, storage and handling of the product
- computer programs for the management of the cellar
- **equipment for waste water management:**
 - machinery and equipment for waste water management in the cellar (treatment and purification)
- **equipment for cellar infrastructure:**
 - compressors, electrical transformer, generators
- (c) *general costs linked to expenditure referred to in points (a), and (b), such as fees of architects and engineers and consultation fees, feasibility studies, the acquisition of patent rights and licenses and copyrights and the registration of collective marks.*

2. Quality control

- (a) *construction, acquisition, including leasing, or improvement of immovable property*
 - **construction / equipment of laboratories for the quality control of wine products:**
 - construction of analysing laboratories, including for organic wine¹⁸
- (b) *purchase or lease-purchase of new machinery and equipment, including computer software*
 - **equipment for quality control of products and processing:**
 - machines, equipment and software used in the framework of the quality control of the materials, of the products and of the environmental conditions of the production and conservation
 - **equipment for quality systems, traceability:**
 - equipment aimed at introducing voluntary quality standards or traceability systems, including for organic wine
- (c) *general costs linked to expenditure referred to in points (a), and (b), such as fees of architects and engineers and consultation fees, feasibility studies, the acquisition of patent rights and licenses and copyrights and the registration of collective marks.*

3. Marketing of wine products¹⁹

- (a) *construction, acquisition, including leasing, or improvement of immovable property*
 - **presentation and sale establishments:**

¹⁸ The laboratory should be part of the enterprise producing or marketing wines.

¹⁹ The investment should concern only the wines produced or marketed by the beneficiary.

- acquisition / construction / renovation / modernisation of the infrastructure of sale and presentation facilities, for ***example***:
 - vinothèques
 - show-rooms (display of wine products)
 - sale rooms
 - fixed (retail) sale point outside of the holding, in the national territory and in other EU MS
 - sale point on the holding (but outside the production units) (direct sale points)
- **warehouses, logistics centres, commercial offices:**
 - establishment of warehouses in a given EU MS and in EU MS other than the producing MS concerned:
 - acquisition
 - construction
 - conditioning of buildings
 - establishment of logistics centres in a given EU MS and in EU MS other than the producing MS concerned:
 - acquisition
 - construction
 - conditioning of buildings
 - establishment of commercial offices in a given EU MS and in EU MS other than the producing MS concerned:
 - acquisition
 - construction
 - conditioning of buildings
- (b) ***purchase or lease-purchase of new machinery and equipment, including computer software***
 - **equipment for presentation and sale establishments:**
 - equipment / furnishing of the infrastructure of sale and presentation facilities to be used in for ***example***:
 - vinothèques
 - show-rooms (display of wine products)
 - sale rooms
 - fixed (retail) sale point outside of the holding, in the national territory and in EU MS
 - sale point on the holding (but outside the production units) (direct sale points)
 - investments include for ***example*** furniture, refrigerated units, sinks, tap equipment, bar facilities, computer equipment
 - **equipment for warehouses, logistics centres, commercial offices:**
 - establishment of warehouses in a given MS including a MS other than the producing MS concerned
 - equipment (machinery, data processing, office furniture)

- establishment of logistics (distribution) centres in a given MS including a MS other than the producing MS concerned
 - equipment (machinery, technological installations, software, data processing, office furniture)
- establishment of commercial offices in a given MS including a MS other than the producing MS concerned
 - equipment (technological installations, software, data processing, office furniture)
- **equipment for the logistics and marketing of wine:**
 - creation / development / adaptation of logistics platforms (streamline and improve the organization of the transport chain on the domestic and international market)
 - development of networks
 - improvement / rationalization of marketing facilities and channels
 - machines / technological installations / equipment including software to be used in the framework of the distribution / logistics and marketing of the products
- **hardware, software, web platforms / e-commerce:**
 - hardware and software for the adoption of information and communication technologies (ICT) and for electronic commerce (e-commerce)
- (c) *general costs linked to expenditure referred to in points (a), and (b), such as fees of architects and engineers and consultation fees, feasibility studies, the acquisition of patent rights and licenses and copyrights and the registration of collective marks.*

4. Investments linked to the holding in general

- (a) *construction, acquisition, including leasing, or improvement of immovable property*
 - **acquisition / (re)construction of buildings / infrastructure:**
 - construction / acquisition / leasing / renewal of immovable assets (buildings, attachments), in order to convert them into wine making enterprises
 - excavation (earthwork), foundations, paving, interior (walls, doors and windows, paintings, tiles, frames, etc.), plumbing, electricity, indoor and outdoor boarding (framing), roofing, isolation, air-conditioning
 - construction / acquisition / leasing / modernization of buildings and attachments for the transformation, storage, conditioning or marketing
 - construction / acquisition / leasing / modernization of cellar above and under the ground level
 - basic infrastructure works such as: electric, mechanic and hydraulic installations, protection measures against fire, expenses of the air-conditioning and of the ventilation of the wine production site and other equipment; special installations and systems for the protection of the environment, the reduction of

pollution and the saving of energy, and systems of safety and hygiene²⁰

(b) purchase or lease-purchase of new machinery and equipment, including computer software

• **infrastructure, equipment:**

- equipping the offices of the holding: materials for the improvement of their operational structure

• **equipment for management system (control of the enterprise):**

- machines, equipment, incl. computer and software to be used in the framework of the management system, organisation and control of the enterprise
- computer equipment and related programs aimed the development of information and communication networks

(c) general costs linked to expenditure referred to in points (a), and (b), such as fees of architects and engineers and consultation fees, feasibility studies, the acquisition of patent rights and licenses and copyrights and the registration of collective marks.

☞ *Transport and installation costs should be eligible for support when they are directly connected to the machinery/equipment financed under the investment measure and charged to the beneficiary. The investments measure does not foresee the possibility to support contributions in kind.*

☞ *Breach of the contract by a beneficiary concerning the lease-purchase of new machinery and equipment including computer software:*

- if the breach of the contract by a beneficiary occurs before the payment claim and the completion of the operation this implies the terms of the approved operation are changed and payment cannot be authorised since the rule of full implementation of Article 54(3) of the DR applies. However, if the breach of the purchase-lease contract by the beneficiary is justified and the operation can still achieve its objectives without the new machinery or equipment under leasing, the competent authorities of the MS may approve the operation modification as foreseen by Article 53 DR and, at the payment date apply the rule of full implementation to the operation as modified.

- if the breach of the contract occurs after the completion of the operation and the final payment, a repayment of the support is due subject to the time limit and the conditions set out in Article 71 of Regulation (EU) No 1303/2013.

8.3.1. Ineligible costs

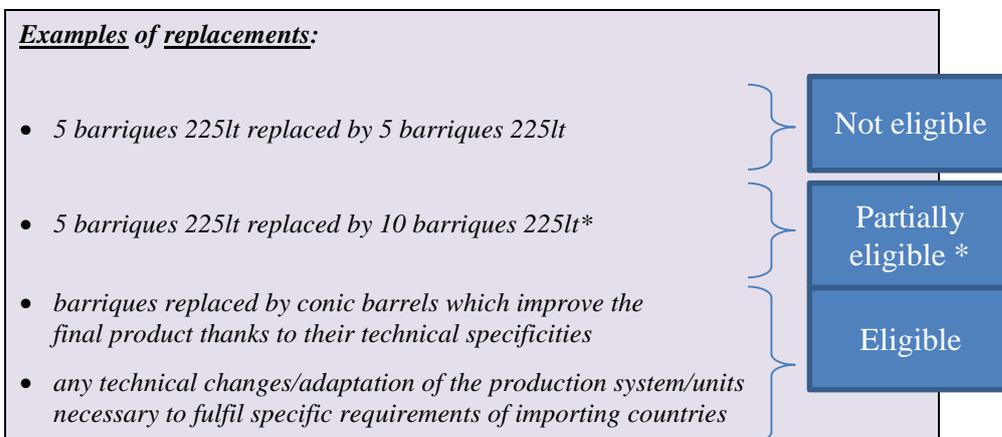
☞ *The lessor's margin, interest refinancing costs, indirect costs and insurance charges shall not be eligible expenditure.*

Simple replacement

As foreseen in Article 33(4) DR, simple replacements shall not constitute eligible costs.

²⁰ NB Efficiency in heating and cooling is promoted according to Directive 2004/8/EC.

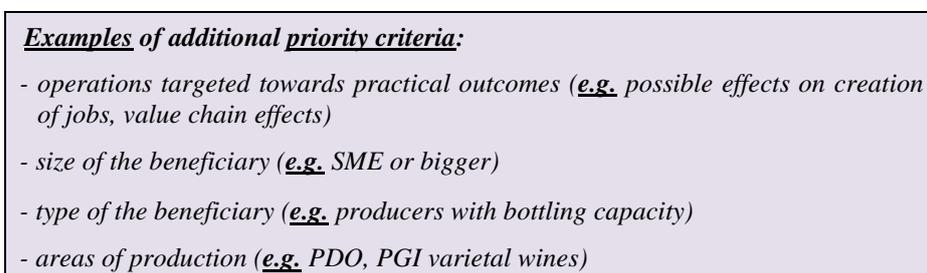
☞ When deciding if a certain operation is a simple replacement or not it should be considered that there is always an element of replacement in most investments, except when one starts a new business. The explicit exclusion of replacement refers only to "simple replacement", which means replacing existing equipment without improving the existing technology.



* Only the part of the investment which does not constitute simple replacement may be considered as eligible: in this **example**, 5 barriques out of 10 are eligible for support as the remaining 5 replace previously existing barriques.

8.3.2. Priority criteria

Priority criteria are indicated in Article 36(1) DR. Based on the specific strategy and objectives set out in their Wine NSP, MS may introduce additional priority criteria in accordance with Article 36(2) DR.

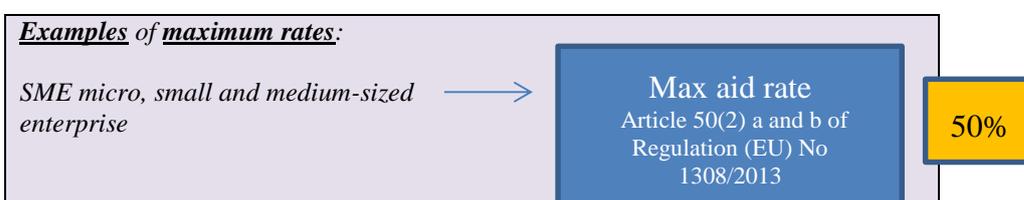


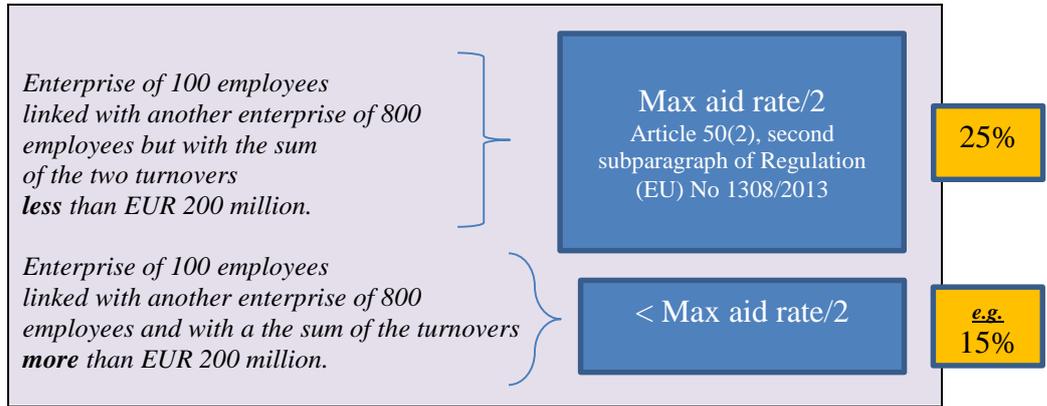
8.3.3. Support rates

The maximum support rate referred to in Article 50(4) BA shall apply to micro, small and medium-sized enterprises as referred to in Article 50(2)(a) BA and to all enterprises in the regions referred to in Article 50(2)(b) BA.

For the enterprises referred to in Article 50(2), second subparagraph BA, the maximum support rate shall be half of the maximum rates laid down in Article 50(4) BA.

MS may set maximum rates for other enterprises. Those maximum rates shall be lower than half of the maximum rates referred to in Article 50(4) BA and must be mentioned in the Wine NSP.





 the example above refers to a less developed region

Reference for the calculation of the support rate

The different support rates should be determined in the Wine NSP and, for each support application, the competent authorities should indicate the corresponding rate **at the time the granting decision is taken** or the grant agreement is signed and depends on the status of the enterprise applying for support at that time.

The principles of legitimate expectation and legal certainty imply that any change of the status of the applicants subsequent to the granting decision or after the agreement is signed should not affect the calculation of the relevant support rate.

Example n. 1:

The enterprise loses the SME status in the first and in the second financial year following the year when the granting decision was taken. In this case the enterprise should be entitled to receive the max rate contribution in the second financial year until the end of the operation, even if the SME status is not maintained.

N	N-1	N-2
SME	Not SME	Not SME
"Max" aid rate		

Example n.2:

The enterprise gains the SME status in the first and in the second financial year following the year when the granting decision was taken. In this case the enterprise should not be entitled to receive the max rate contribution in the second financial year until the end of the operation, but it will keep the support rate determined at the time the granting decision was taken or the grant agreement was signed and depends on the status of the enterprise at that time.

N	N-1	N-2
Not SME	SME	SME
Aid rate 		

- ☞ *When determining the level of the EU contribution one should take into account the region where the operation actually takes place and not the one in which the company headquarters are located.*

8.3.4. Definition of SME

Commission Recommendation 2003/361/EC concerns the definition of micro, small and medium-sized enterprises used in Community policies applied within the EU.

For further information on the SME definition consult:

http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition/index_en.htm

8.4. Exchange rate

Concerning the exchange rates applicable to declarations of expenditure to the Commission of MS that have not adopted the euro, for investments in the wine sector, the operative event for the exchange rate shall be 1 January of the year in which the decision to grant the aid is taken (Article 30(3) Commission Delegated Regulation (EU) No 907/2014).

9. INNOVATION IN THE WINE SECTOR

BA	Article 40(3): Compatibility and consistency Article 51: Innovation in the wine sector
DR	Articles 37, 38, 39, 40 and 46
IR	Article 15

9.1. Objective of the support measure

According to Article 51 BA, the support shall be intended to increase the marketability and competitiveness of Union grapevine products and may include an element of knowledge transfer.

9.2. Beneficiaries

The beneficiaries of this support are indicated in Article 37 DR.

For **wine enterprises**, see § 8.2. "Beneficiaries of the Investments measure".

For **temporary associations** of two or more producers, see § 3.1.1. "Beneficiaries of the Promotion measure".

☞ *Interbranch organisations may be co-beneficiaries of innovation operations.*

☞ *Research and development centres may participate in the operation pursued by the beneficiaries. They may be involved by the beneficiaries in the operation in order to provide technical/scientific inputs. These centres can be either part of the organizational structure of the beneficiary or separate entities.*

☞ *Distillers cannot be beneficiary of this support.*

9.3. Application procedure

Overall, the information provided by the applicant should allow the MS to verify the innovative character of the operation and check the relevant background research (the operation should not be a research project but focus on the phase following the research and prior the commercialisation of the product/process/technology).

☞ *In case the duration of the operation is longer than one year and it is composed by several stages/actions, this should be clearly mentioned in the application with an indication of the deadlines applicable to each stage. MS may require interim reports to be issued at crucial stages of the process, explaining how the work is progressing and the results achieved.*

☞ *In case the operation includes elements of knowledge transfer, these should be clearly described in the application. In case several parties participate in the operation, the role and the level of involvement of the various parties should be clearly explained.*

9.4. Eligible actions and eligible costs

This support measure is intended to support innovation concerning the grapevine products referred to in Part II of Annex VII of Regulation EU (no) 1308/2013.

9.4.1. Eligible actions

According to Article 38(1) DR, the operations and their underlying actions for which the support referred to in Article 51 BA is applied shall consist of tangible and intangible investments²¹ including for knowledge transfer for the **development** of:

- a) new products related to the wine sector or by-products of wine;
- b) new processes and technologies necessary for the development of grapevine products;
- c) other investments adding value at any stage of the supply chain.

Examples of knowledge transfer activities:

developing and sharing a database, developing or adapting a web site, delivering workshops and presentations, producing training material or information resources, creating video or audio tapes, organizing seminars, conferences, arranging field trips or on-site visits, publishing articles, developing a database etc.

☞ **Development** is the global process which includes the designing and creating of new products, processes and technologies before their use for commercial purposes. It may include pilot projects, preparatory actions in the form of design and tests.

☞ The adjective "**new**" (products, processes and technologies) relates to an operation with innovative character. It may refer to totally new products, processes or technologies but also to products, processes or technologies which are used in other sectors that would be newly adapted to the wine sector.

Example:

- new (non-traditional) processes to toast the wood of the barrel
- machinery/robots already on the market but adapted to the wine sector for a specific use (like bottling purposes)

☞ **Other investments** adding value at any stage of the supply chain should also have an innovative character and should be considered for support.

9.4.2. Eligible costs

The eligible costs for the innovation measure are indicated in Article 38.2 DR.

☞ *"Eligible costs shall include pilot projects, preparatory actions in the form of design, product, process or technology development and tests and any tangible and/or intangible investments related to them,*

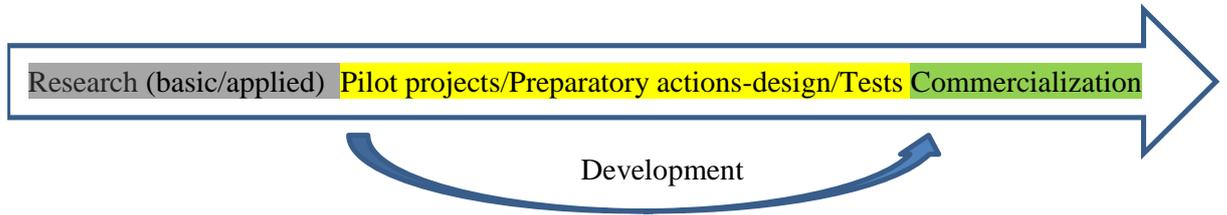
²¹ The definition of investments "tangible" and "intangible" is given in Article 2 of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (General block exemption Regulation):

(29) 'tangible assets' means assets consisting of land, buildings and plant, machinery and equipment;;

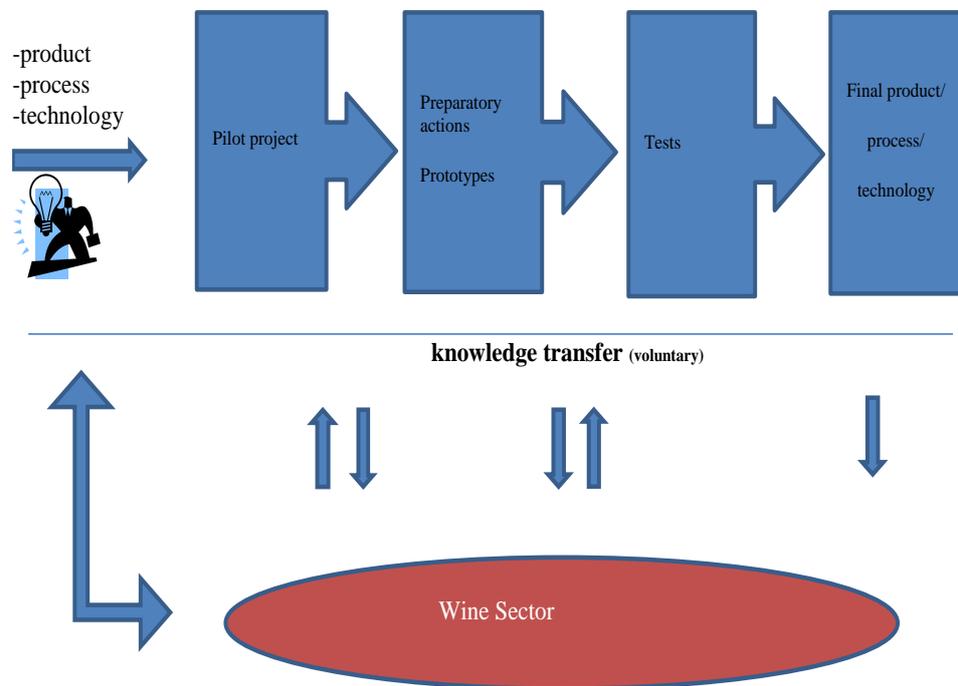
(30) 'intangible assets' means assets that do not have a physical or financial embodiment such as patents, licences, know-how or other intellectual property.

before the use of the newly developed products, processes and technologies for commercial purposes" They exclude thus all actions implemented before and after the development of an innovative project (i.e. research and marketing).

☞ *Innovation timeline:*



☞ *Development of an innovation: the steps*



☞ *An innovation operation may include all or just some of the stages/actions above described in the picture. The duration of the operation may also vary depending on the kind of innovation proposed.*

Examples of potential areas for innovation operations at different stages of the wine supply chain:

- a) grape production
- b) wine production
- c) packaging
- d) distribution
- e) consumer phase
- f) end-of-life

Development of new product/process/technologies related to:

- a) **grape production:**
 - new techniques of defence against diseases
 - new harvesting methods/techniques

- *new varieties*
 - b) **wine production** may include:
 - *new winemaking techniques*
 - *new (non-traditional) processes to toast the wood of the barrels*
 - *new technology for wine storage*
 - c) **packaging processes, such as:**
 - *new technology concerning bottle filling, corking, capsuling, labelling,*
 - *new design/kind of bottle new design/kind of cork*
 - d) **distribution:**
 - *new technology in relation to wine transportation*
 - e) **the consumer phase** and marketing:
 - *new technology for wine storage*
 - *innovative equipment/methods to sell the wine*
 - f) **end-of-life:**
 - *new technology/processes for the treatment of the bottles and waste of packaging*
- Other:*
- By-products:**
- *new cosmetic products or food or fertilizers from by-product of wine etc.*

9.5. Ineligible costs

Investments without innovative character are not eligible for support under the innovation measure.

Simple replacement investments shall not constitute eligible costs.

9.6. Eligibility criteria

MS examine applications against the criteria mentioned in Article 39 DR.

9.7. Priority criteria

Priority criteria are listed in Article 40(1) DR. On that basis, when evaluating the operations, MS should also consider:

- ☞ *the type of participants (e.g. research centre, interbranch organisation, advisory services, in-house research), and their level of involvement;*
- ☞ *expected extent of the dissemination of the results, if the operations include an element of knowledge transfer.*

Based on the specific strategy and objectives set out in their Wine NSP, MS may introduce additional priority criteria in accordance with Article 40(2) DR.

Examples of additional priority criteria:

- *size of the beneficiary (SME or bigger)*
- *type of the beneficiary (producers with bottling capacity)*
- *types of wine (quality wines or not)*

9.8. Maximum support rates

The maximum support rates referred to in Article 51 BA apply, i.e. those set out in Article 50(4) BA.

9.9. Demarcation with other funds

Funding possibilities for innovation is available under the European research policy as well as rural development or European structural and investment funds. MS should pay attention to avoid the double funding of operations or

actions with an innovative character financed under the Wine NSP by introducing a specific demarcation e.g. with Horizon 2020, EAFRD, ERDF (see also § 2.9. "Double financing - Demarcation with other Funds").

9.10. Exchange rate

Concerning the exchange rates applicable to declarations of expenditure to the Commission of MS that have not adopted the euro, for operations of innovation in the wine sector, the operative event for the exchange rate shall be 1 January of the year in which the decision to grant the aid is taken (Article 30(3) Commission Delegated Regulation (EU) No 907/2014).

10. BY-PRODUCT DISTILLATION

BA	Article 52
DR	Articles 41 - 42
IR	Articles 16 - 18

10.1. Objective of the support measure

To dispose of by-products of wine making in a way that is compatible with environmental and qualitative wine production requirements through voluntary or obligatory distillation (point D.5 of Part II of Annex VIII CMO Regulation and Article 22 of Commission Regulation (EC) No 555/2008).

10.2. Beneficiaries

According to Article 41(1) DR, only distillers of by-products of wine-making may be beneficiary of the support.

☞ Pursuant to Article 41(2) DR, MS may introduce a system of voluntary certification of distillers according to a procedure that they may lay down. Therefore, a MS may establish a system of certification of distillers so that only those certified could benefit from support under the measure of disposal with by-product distillation. For this purpose, a MS could establish a list of certified distillers.

10.3. Use of the by-products

According to Article 42(1) DR, the alcohol resulting from the supported distillation is to be used exclusively for industrial or energy purposes in order to avoid distortion of competition.

The support shall be paid to distillers that process the by-products delivered to distillation into alcohol with an alcoholic strength of at least 92 % by volume to be used exclusively for industry or energy purposes. This shall however not prevent the further processing of the alcohol obtained in order to fulfil the requirement of Article 52(5) BA concerning the exclusive use for industrial or energy purposes.

10.4. Amount of the support

MS have to adopt rules to fix the amount of the support and the amount of the compensation for the collection costs in accordance with Article 18 IR.

In particular, this amount should be:

- 1) within the limits provided for in Article 18(1) IR, by volume of alcohol and by hectolitre produced, and
- 2) fixed on the basis of objective and non-discriminatory criteria.

According to Article 18(2) IR, MS may adjust these amounts according to different production typologies, on the basis of objective and non-discriminatory criteria.

☞ As regards in particular the collection costs, MS have a range of possibilities to calculate this portion of the compensation which only needs to be fixed in compliance with the two conditions set out above. For

***example**, they may apply an amount per Kg of marcs and lees collected or per unit of length of the journey (Km) or per hectolitre of pure alcohol (HPA). This compensation shall be transferred from the distiller to the producer, if the relevant costs are borne by the latter.*

10.5. Exchange rate

Concerning the exchange rates applicable to declarations of expenditure to the Commission of MS that have not adopted the euro, for the aids paid for the voluntary or obligatory distillation of by-products of wine-making, the operative event for the exchange rate shall be the first day of the wine year in which the by-product is delivered (Article 30(2) Commission Delegated Regulation (EU) No 907/2014).

11. CONTROL SYSTEM

BA	Articles 54 – 55
IR	Articles 29 - 45

11.1. Principles and general elements of control

The general principles concerning checks and the measures that MS have to introduce in order to ensure the proper application of the rules of their Wine NSP are explained in Article 29 IR.

Checks flowchart



11.1.1. Administrative checks

The administrative checks are the first step of the control system. They should be carried out on all applications for support, payment claims or other declarations and requests of changes to beneficiaries' operations, as indicated in Article 30(1) IR.

11.1.1.1. Administrative checks on applications for support

The administrative checks should be carried out on all applications for support submitted to the competent authority and include verification of the elements provided for by Article 30(2) IR.

Reasonableness of the costs

Where support is paid on the basis of supporting documents to be submitted by the beneficiary, the **reasonableness** of the costs should be evaluated (see also § 2.7. "Reimbursement rules").

MS should have in place adequate systems to assess the reasonableness of the costs ensuring that support is granted according to the principle of **cost-effectiveness** (resources are used effectively with respect to the objectives, i.e. support is only granted for the *right things at the best price*).

In particular, the evaluation of the reasonableness of the costs should focus on the **best price/quality relation**. In fact, the prices are not the only source of unreasonable costs. The support must be cost-effective both in monetary terms and in relation to the policy objectives. Therefore, the specifications of the items used in the framework of an action should also be assessed in the application for support against the objectives of the proposed operation and support should be decreased accordingly in case the proposed costs contain unjustified over-specifications.

MS should also ensure that the costs proposed are competitive by using at least one of the following evaluation systems:

a) a comparison of different offers

When the beneficiary submits offers from different suppliers (normally, depending on the item value, from 3 different suppliers) at least the following should be evaluated:

- the independence of the offers (*e.g.* it is not acceptable if the offers are from the same supplier);
- the possibility to compare them (i.e. the items in the offers should be comparable);
- the clarity and detail of the description of the offers.

b) reference costs

The MS has established a price reference data base. The database should:

- be comprehensive;
- be sufficiently detailed;
- be regularly updated;
- ensure that the prices reflect the market prices.

c) an evaluation committee

If the MS has established an evaluation committee or carries out informally a market research, the following should be considered:

- the experience of the members of the committee in the related field;
- the work of the committee should be correctly documented.

According to the needs, MS may combine the use of these three methods, *e.g.* reference costs for the purchase of common items (*e.g.* barriques); a *comparison of different offers* for the purchase and installation of production lines; an *evaluation committee* for more complex/less common investments).

☞ *If there is a change to the operation, the resulting costs should be reassessed.*

☞ *It is not necessary to evaluate the reasonableness of the costs for operations paid on the basis of SSUC.*

11.1.1.2. Administrative checks on payment claims

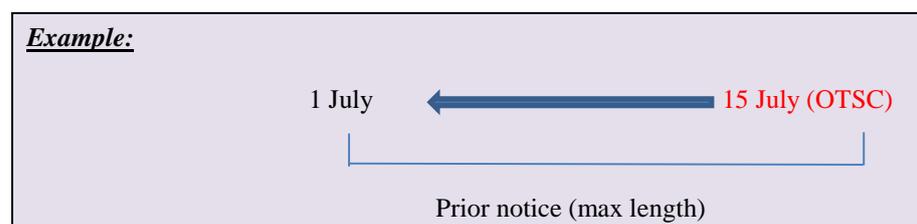
The administrative checks on payment claims should be carried out on all interim and final payment claims according to the conditions and principles mentioned in Article 30(3) IR. The amount paid should not

exceed the eligible amount approved by the administration for the specific action/operation in the framework of the administrative checks on the application for support. As for the actions composing an operation, the declared costs may vary up to a maximum of 20% with respect to the initial eligible amount if minor changes are allowed by MS in accordance with Article 53(2) DR.

11.1.2. *On-the-spot checks*

11.1.2.1. Prior notice

According to the provisions of Article 31 IR, on-the-spot checks may be announced to the beneficiary provided that the prior notice does not interfere with their purpose or effectiveness. Any announcement shall be strictly limited to the minimum time period necessary and shall not exceed 14 days.



11.1.2.2. Content of the on-the-spot checks

Article 33(1) IR refers to Article 51(1), (2) and (3) of Commission Implementing Regulation (EU) No 809/2014, which develops the need of verifying the implementation of the operation in accordance with the applicable rules, the accuracy of the data declared by the beneficiary against the underlying documents and the consistency of the use or intended use of the operation with the use described in the application for support.

11.1.2.3. Control rate and sampling of on-the-spot checks

Measure	Ex-ante (Adm)	Ex-ante (OTSC)	Ex-post (OTSC)
Restructuring	100%	100% or 5% (if a graphical tool..)	100%
Investments	100%	-	100%
Innovation	100%	-	100%
Promotion	100%	-	5%* ☞
Green harvesting	100%	-	100%
Harvest Insurance	100%	-	5%*
Mutual funds	100%	-	5% *
By product distillation	100%	-	5%*

* At least 5% of the applications, selected in accordance with Article 34 IR. This sample shall also represent at least 5% of the amounts covered by the support.

☞ As indicated in the third subparagraph of Article 32(1) IR, in relation to the promotion measure referred to in Article 45 BA, the operations for which the beneficiaries communicated their intention to produce a certificate on the financial statements in accordance with Article 41 IR shall be systematically checked (100%) on the spot at least once before the final payment.

11.1.2.4. Selection of the control sample

Control samples for on-the-spot checks shall be selected every year by the competent authority in accordance with Article 34 IR.

Example of control sample:

100 beneficiaries to be subjected to on-the-spot checks

5% is = 5, representing at least 5% of the amount covered by the support

a) 20% =1 selected randomly

b) 80% =4 (chosen among 100-1) on the basis of a risk analysis

The comparison of the number of irregularities found in the framework of the random selection (A) and of the risk analysis (B) could result (if $A > B$) in the adjustment of the risk analysis methodology (i.e. criteria used).

☞ *In case of sampling, MS shall ensure that, by their number, nature and frequency, on-the-spot checks are representative of the entirety of their territory and correspond, where applicable, to the volume of the wine products marketed or held with a view to their marketing.*

Examples:

1) *The sample selection is done at central administrative level and takes into account the volume of production;*

2) *The sample selection is carried out at administrative unit level (each one selects its own sample).*

11.1.2.5. Control report

Control reports should be drafted for each on-the-spot check and should enable the review of all the details of the checks carried out as explained in Article 35 IR. They should include information or reference to documents requested by the inspectors in order to complement the information gathered on the spot.

11.1.2.6. Assistance on request

Details regarding the assistance on request from a competent body of a MS to the competent body of another MS are set out in Article 38 IR.

☞ ***For instance***, a competent body of the MS where the beneficiary applies for the establishment of a warehouse could ask the MS where the warehouse is built to carry out the relevant checks and to provide the necessary information on the results of the checks.

11.2. Checks related to information and promotion operations

11.2.1. *Control options (use of a certificate)*

In alternative to the normal control method referred to above, according to Article 41(1) IR, in order to simplify the control procedures, MS may allow beneficiaries of information or promotion operations to submit certificates on the financial statements to accompany interim or final payment claims, in particular:

- 1) for operations for which a total amount of Union contribution of EUR 300 000 or more was considered eligible following the administrative checks on the initial application for support;
- 2) for payment claims covering EUR 150 000 or more of Union contribution.

☞ *MS may establish lower thresholds if there is evidence that such control method does not increase the risk for the Union funds.*

According to Articles 4(3) and 5(3) IR, all applicants intending to produce these certificates are to communicate their intention to the competent authority when submitting their application for support.

☞ *Certificates on the financial statements are to be produced by approved external auditors who should be independent.*

<u>Example:</u>	<u>Example:</u>	<u>Example:</u>
<p><i>Operation of 1.8 MEUR:</i></p> <p>1) <i>UE contribution:</i> 900.000 EUR</p> <p>2) <i>paid in one instalment</i> 900.000 EUR</p> <p><i>The option of the certificate is possible</i></p>	<p><i>Operation of 1.8 MEUR:</i></p> <p>1) <i>UE contribution:</i> 900.000 EUR</p> <p>2) <i>paid in two instalments of 720.000 and 180.000 EUR each</i></p> <p><i>The option of the certificate is possible for both instalments</i></p>	<p><i>Operation of 1.8 MEUR:</i></p> <p>1) <i>UE contribution:</i> 900.000 EUR</p> <p>2) <i>paid in two instalments of 90.000 and 810.000 EUR each</i></p> <p><i>The option of the certificate is possible but only for the second instalment (not for the first)</i></p>

This certificate shall provide adequate evidence of:

- a) the **eligibility** of all costs claimed, i.e. that they correspond to the actions initially approved with the application for support or, possibly, changed in accordance with Article 53 DR;
- b) the **reality** of those costs, i.e. that they correspond to actions that have indeed taken place and have actually been paid;

against the criteria listed in points (a) to (f) of the last subparagraph of Article 41(1) IR.

11.2.2. Administrative checks

See the details in Article 41(2) and (3) IR.

11.2.3. On-the-spot checks (OTSC)

According to Article 41(4) IR, OTSC on information or promotion operations may be carried out at the premises of the beneficiary or of the organising body to which the beneficiary has entrusted in full or partly the implementation of the information or promotion operation (*e.g.* an advertising firm) and be limited to the verification of samples of the documents submitted or listed in the audit certificates.

Besides the verification of the **eligibility** of the expenditure (i.e. the costs claimed correspond to those approved by the competent authority or changed according to the provisions of Article 53(2) DR), OTSC shall aim at the verification of their **reality** (i.e. the corresponding actions have effectively taken place and have actually been paid for).

The **reality** of the expenditure can be verified by checking submitted invoices against the accounting registers to ascertain the payments done and, where relevant, other supporting documents (*e.g.* pictures, videos, press articles, etc.) attesting that the corresponding actions have indeed taken place.

☞ *According to the third subparagraph of Article 41(4) IR, during the on-the-spot checks, the inspectors may verify the reality and eligibility of the expenditure on the basis of samples of items of expenditure covering at least 30% of the amount of support claimed and at least 5% of all invoices or other supporting documents submitted or covered by the certificate on the financial statement produced until the time when the on-the-spot check is carried out.*

11.2.4. OTSC if the certificate option is not used

In case a MS does not allow the certificate option, the competent authority may carry out OTSC on a sample of operations. This sample is to be selected every year and should correspond to at least 5% of all beneficiaries and at least to 5% of the total amount of support. The selected operations are to be checked on the spot in accordance with Article 32(1) IR.

Where MS allow the certificate option, all beneficiaries who do not notify the intention to produce a certificate will compose the population from which the minimum control sample described above is selected.

11.2.5. OTSC if the certificate option is used

All beneficiaries who notified their intention to produce certificates are not to be included in the population from which the control sample is selected (see previous paragraph) but need to be checked systematically on the spot at least once before the final payment.

11.3. Checks related to restructuring operations

Detailed rules on checks concerning operations for restructuring and conversion of vineyards are laid down in Article 42 IR.

According to Article 42(3) IR, areas receiving support for restructuring shall be verified by means of on-the-spot checks in 100% of the cases both before and after the execution of the operations (ex-ante and ex-post checks).

Ex-ante checks have to cover the verification of the existence (or non-existence) of the vineyard concerned, the area planted determined in accordance with Article 44 IR and the exclusion of the normal renewal of vineyards as provided for in the second subparagraph of Article 46(3) BA.

However, **ex-ante checks** may be limited to a sample of 5% of all applications, extracted according to the selection procedure set out in Article 34 IR, if MS dispose of a graphical tool or an equivalent instrument in the computerised vineyard register that allows for the precise measurement of area planted in accordance with Article 44 IR and reliable updated information about the planted grapevine varieties.

The population from which this sample is selected must include all applications for support.

Should such ex-ante checks reveal significant irregularities or discrepancies at national level, in a region or part of a region, the competent authority shall increase the number of on-the-spot checks appropriately during the year concerned. The increased sample may be selected at the same geographical level where the significant irregularities or discrepancies were revealed.

- ☞ *In case of "anticipated replanting authorisations" mentioned in Article 66(2) BA, the competent authorities must check the fulfilment of the obligation to grub up the old vineyard at the latest by the end of the fourth year from the date on which new vines have been planted (see § 4.5. "Forms of support and support rates" for the restructuring measure).*
- ☞ *In case of actions such as fertilisation or watering linked to the planting of new vines, the irrigation water or fertilizers used in these actions may be financed only if measurable and controllable.*

11.3.1. Checks on mixed varieties

In case of restructuring operations with the planting of vine varieties suitable to produce both wine and table grapes, MS should establish an appropriate control system aimed at verifying that the restructured vineyards do not produce table grapes after the operation.

11.4. Checks related to green harvesting operations

Detailed rules on checks concerning green harvesting are laid down in Article 43 IR.

MS should request producers to complete the operations by a certain date in order to:

- 1) ensure the total destruction or removal of grape bunches while still in their immature stage, thereby fully eliminating the yield of the relevant area;
 - 2) allow to have sufficient time, in view of the time constraints and proximity of harvesting period, for the necessary checks to be carried out by 31 July and, in any case, they should be completed by the normal time of Veraison in any given area in accordance with Article 43(3) IR (see § 5.3. "Application of the support measure").
- ☞ *This date may be established at national or regional level, taking into account climate conditions and the growth cycle of the different grape varieties.*
 - ☞ *For the purposes of the checks provided for in paragraphs 1, 2 and 3 of Article 43 IR, each applicant for support for green harvesting should keep evidence of the costs of the relevant operation or of any activities carried out.*

Examples of different methods used:

If during the control bunches of grapes are found, this means that the green harvesting has not taken place!

Chemical method: This method is carried out during the flowering of vines. If the control is carried out at the time of the treatment there will be no symptoms on the flowers, while if the check takes place a few days after the chemical treatment it is already possible to note a change in the colour of the flowers. This method may have environmental side effects.

Mechanical methods: This method is performed once there are bunches of grapes on the plants and these are detached through vibrations induced by a machine. The plants may be damaged by the use of this method.

Manual method: This method consists of cutting the grape bunches of the vines. It implies a risk that the green harvesting is done when the grapes are already mature and can be sold for wine-making.

11.5. Area planted (restructuring and green harvesting)

Under Article 44(1) IR an area planted with vines is defined by the external perimeter of the vine stocks with the addition of a buffer whose width corresponds to half of the distance between the rows. The area planted shall be determined in accordance with Article 38(2) of Implementing Regulation (EU) No 809/2014. The buffer mentioned here is an area added in order to take account of the root area of the plants.

☞ *The determination of the area as established in Article 44(1) IR is obligatory in case a MS decides to verify the eligibility of the costs on the basis of standard scales of unit costs based on surface. In all the other cases (SSUC based on measurements units other than the surface and supporting documents) it is necessary that MS measure the planted area by using either the above mentioned method or any other measurement method compliant with the quality standards indicated in Article 38(2) of Implementing Regulation (EU) No 809/2014²².*

11.6. Verification of conditions for by-product distillation

Detailed rules on checks concerning by-product distillation are laid down in Article 45 IR.

☞ *MS opting for verification at national level should not include in the alcohol balance the quantities which are not intended for distillation, nor those which are intended for the development of products other than alcohol for industrial or energy purposes.*

11.7. Checks on operations of investment and innovation

☞ *In case of advance payments covered by a security, systematic on-the-spot checks can be limited to one check on the spot before the payment of the final instalment. The security can only be released subsequently.*

11.8. Checks related to operations of harvest insurance

☞ *MS should ensure that the fixation of the ceilings for the amount of support that may be received is in accordance with Article 49(3) BA and fulfils the condition of Article 29(2) DR.*

☞ *During the on-the-spot checks, it is important to verify the coherence of the information contained in the application (e.g. surface of the land covered by the operation, presence of the vineyard, declared yield) with the relevant insurance policy.*

11.9. Final considerations

When the EU legislation explicitly requires a particular check, MS have no choice but to apply that check.

Regarding the possibility of applying equivalent or compensating checks, see chapter 3, point 4 of the Guidelines on the calculation of financial corrections

²² Guidelines for measuring the area of vineyard parcels in the context of Regulations (EC) No 479/2008 and 555/2008 - Working document No A/16864/2008m rev 11 feb 2011 – see link: <https://circabc.europa.eu/w/browse/2d5d6cd6-e64a-4e15-acfe-f1010ad9e4d9>

in the framework of the compliance and financial clearance of accounts procedures²³.

²³ Guidelines on the calculation of financial corrections in the framework of the compliance and financial clearance of accounts procedures - C(2015) 3675 of 8.6.2015 final communication from the Commission.