



AGRICULTURAL PAYMENTS ORGANIZATION

WINE PRODUCTS COUNCIL



INFORMATION FOR APPLICANTS

**NATIONAL SUPPORT PROGRAM FOR THE WINE
SECTOR (NSP) 2009 - 2013**

Scheme WPC ΣΑΠ 3b

Promotion of wines on Third Country Markets

3rd Call

August 2011

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1. Introduction / Legal base

The Scheme was approved by the Council of Ministers in its meeting dated 25/6/2998 (decision number 67417) and applies under Article 12 of the Wine Products Council Laws of 2004 to 2007, the Council Regulation of the European Union (EC) 1234/07, establishing a common organization of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation) as amended by Commission Regulation (EC) 491/2009 and Commission Regulation (EC) 555/08.

2. Purpose

The Scheme constitutes an important tool for promoting Cyprus wines in Third country markets. The aim of the Scheme is to stimulate the brand awareness for Cyprus quality wines (PGI wines - Wines with Protected Geographical Indication, PDO wines – Wines with Protected Designation of Origin, varietal wines). The Wine Products Council welcomes all efforts for identifying and penetrating into new markets, as well as attempts to increase market share in existing markets in Third countries.

3. Funding of the Scheme

The Scheme is included in the National Support Program (NSP) for the Wine Sector for the period 2009-2013 with a total amount of community funds of €19.6 million. An amount of €1.2 million out of the total community budget will be allocated to this Scheme, whereas an additional amount of €720.000 will be granted from national funds.

4. Beneficiaries

The beneficiaries may be private companies as well as professional organisations, producer organisations and inter-branch organisations that carry out their businesses in areas of the Republic of Cyprus in which the Government of the Republic of Cyprus exercises effective control. 'Programme' means a coherent set of operations of a scope that is sufficient to contribute towards improving information about, and sales of, the products concerned.

Producer organisations as those recognized by the relevant authority in accordance with the provisions of Recognition of Producer Organisations of Agricultural Products Laws 164(I) of 2002-2007.

For the purposes of this manual, "professional organisation" means any joint venture or partnership of legal or natural persons registered at the Registrar of Companies, which represents the interests of at least 2 non-partner or non-linked wine producers in accordance with the provisions of Commission Recommendation 2003/361/EC of 6 May 2003.

5. Duration

The third invitation to interested parties shall commence on 29/8/2011 ended on 25/11/2011. Each eligible promotion program shall be completed by 26/7/2013.

6. Eligible markets

Under Article 5(5) of Regulation (EC) 555/2008, the list of Third country markets that are eligible for the promotion activities are included in Annex I of this booklet.

7. Eligible operations

The operations that can be funded, as laid down in Article 103(f) of Commission Regulation (EC) 1234/2007, are the following:

- (a) public relations, promotion or advertisement measures, in particular highlighting the advantages of the Community products, especially in terms of quality, food safety or environmental friendliness;
- (b) participation at events, fairs or exhibitions of international importance;
- (c) information campaigns, in particular on the Community systems covering designations of origin, geographical indications and organic production;
- (d) studies of new markets, necessary for the expansion of market outlets;
- (e) studies to evaluate the results of the information and promotion measures

Any operation that has occurred prior the approval of the application to the Scheme or prior the signing of Public Aid Agreement shall not be considered as eligible for funding.

Wines shall be eligible for promotion on third-country markets provided that:

- (a) the products are PDO, PGI or varietal wines
- (b) the products are intended for direct consumption, export opportunities or potential new market outlets in the targeted third countries exist for them, and they display high added value;
- (c) the origin of the product is indicated as part of an information or promotion operation in the case of wine with a geographical indication;
- (c) the operation supported is clearly defined, including the specification of which products may be taken into account, the marketing operation and the estimated cost;
- (e) the information and/or promotion messages are based on the intrinsic qualities of the wine, and comply with the legislation applicable in the third countries at which they are targeted;
- (f) the beneficiaries must have enough capacity to face the specific constraints of trade with third countries and have resources to ensure that the measure is implemented as effectively as possible. Member States shall

in particular check 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.

8. Funding of promotion programs

Public aid shall not exceed 80% of eligible expenditure, 50% of which shall be Community aid and the remaining State aid. In circumstances where the length of a Promotion program exceeds the limit of one year, the aid for each execution year shall not exceed the pre-said ceiling. Each applicant shall contribute at a percentage of at least 20% of the total expenditure costs to be funded.

In circumstances where the applicant is a private company, the aid shall not exceed 50% of the eligible expenditure, which is the community aid. Each applicant shall contribute at a percentage of at least 50% of the total expenditure costs to be funded.

In circumstances where the applicant is professional organisations, producer organisations and inter-branch organisations, the aid shall not exceed 80% of the eligible expenditure. In circumstances where an applicant other than a private company submits a Promotion program without the restrictive provisions of Regulation (EC) 3/2008, especially regarding promotion of a brand name or a trademark, public Community funding shall not exceed 50% of the eligible expenditure.

It is noted that Value Added Tax (VAT) does not constitute an eligible expense.

Operations that have been included in proposals during previous calls of funding schemes (state and/or national schemes) are not eligible for funding.

9. Competent Authority

The Wine Products Council (WPC) is the competent authority responsible for designing and implementing the Scheme and as a delegate of the Agricultural Payments Organisation (CAPO), bears full responsibility of approval of payments. The payment of the aid is executed by the CAPO.

Specifically, the WPC undertakes the following:

- (i) Informing all interested parties on matters relating to the Scheme.
- (ii) Distributing material.
- (iii) Preparing the essential infrastructure to receive, file and check all administrative prerequisites.
- (iv) Assessing and deciding on the eligibility of the Proposals.
- (v) Performing administrative and on the spot checks.

- (vi) Monitoring the implementation procedures and the procedures for approving payment of aid.
- (vii) Overseeing the export activity that is carried out in the context of the Program.

The assessment of application shall be carried out by an Assessment Committee which shall be formed by 2 Officers of the WPC and one Officer of the CAPO.

The Assessment Committee may request, when this is deemed necessary, the leasing of third party specialized services.

10. General framework of implementation of the Scheme

The Scheme implementation stages are as follows:

- (i) A call for expression of interest by eligible applicants accompanied by an invitation to tender to decide on the implementing agency (as laid down in paragraph 11(vi) of this booklet).
- (ii) Subsequent to the completion of the procedure laid down in paragraph 11(vi) and the selection of the implementing agency, the submission of an application accompanied by a proposal is followed.
- (iii) The examination and assessment of submitted applications and proposals shall be carried out in accordance with the provisions governing the Scheme.
- (iv) The approval of applications, based on the funds available for the Scheme.
- (v) Checks to verify the completion of the Promotion program.
- (vi) The submission of aid applications to the WPC.
- (vii) Forwarding the approved applications for payment to the CAPO for payment of aid.

11. Conditions for applicants

- (i) Eligible applicants are those defined as beneficiaries in paragraph 4.
- (ii) Any legal person can submit only one application for each invitation to interested parties.
- (iii) The minimum cost of implementation for each Program is set at €100.000.
- (iv) The ability to cover the applicant's part of the Program with own funds shall be verified. To this effect, a confirmation letter from a financial institution shall be submitted, proving the ability of the applicant to finance the Program with own equity.
- (v) The Promotion Programs must be designed and implemented under the supervision of a professional body ("Implementing agency" hereinafter). The Implementing agency must possess the necessary

structures and competences, operate in research and marketing fields and have prior experience in the design and implementation of promotion programs for the food and beverages sector. Adequate knowledge of the food and beverages market and all necessary financial and technical means for ensuring an effective and efficient implementation of the promoting operations enclosed within the Program is also a pre-requisite. In circumstances where the total cost of a Program are equal or exceed €250.000, the Implementing agency must provide evidence proving its specialization and experience in designing and implementing Promotion Programs for the wine sector in global markets.

- (vi) The selection of the Implementation organization shall align with the principles of transparency and rational management of financial resources. The applicant is obliged to precede with the publication in at least two newspapers a request of open tenders and at least two tenders shall be submitted. The period for submission of the tenders shall be at least three weeks. The documents for tenders shall be prepared by the interested applicant and be submitted to the WPC, which withholds all rights for amending the submitted documents, where this will be necessary. Any amendment made to the submitted documents does not alter in any way the obligations of the applicant. Interested tenderers shall collect the documents for submitting tenders from the WPC and the relevant list shall be updated. Upon the expiry of the deadline for submitting tenders, the aforementioned list along with the tenders shall be forwarded to the applicant.

The tenders shall be placed in the sealed tender box located at the head offices of the WPC in Limassol. The box shall open upon the end of the deadline for submitting tenders, at the presence of the applicant, who shall number all documents and pages included in the tender. Subsequent, the WPC shall stamp all documents and pages of the tender. Stamped copies of the tenders shall be also be kept by the WPC.

A delivery note shall accompany tenders once forwarded to the applicant. The tenders shall be examined from an Assessment Committee which shall be formed by the applicant. The Assessment Committee shall be composed by at least 3 members, who shall be obliged to pre-sign a declaration of unbiased Assessment and assessment for each tender. The WPC or CAPO may, under exceptional circumstances and after informing the applicant, attend meetings of the Assessment Committee as independent observers and express their opinions and those shall be included in the minutes. The Assessment Committee shall submit a report to justify its decision, which shall also incorporate the essential findings of the examination and assessment procedures of each tender.

The remuneration of the Implementing Organization shall not exceed 13% of the total costs of implementing the Program. The aforementioned remuneration does not include costs relating to market studies and impact assessments.

Regarding the costs of preparing a market research and an impact assessment, these are part of the Program and shall not exceed 12% (9% for market studies and 3% for impact assessments) of the total costs of the promotion program (excluding the costs of carrying out the abovementioned).

- (vii) Applications from wineries and organizations that have an obligation to register in the VAT Register shall be accompanied with evidence proving their registration; otherwise the applications shall be deemed to be invalid.
- (viii) Companies participating either as individuals or part of any form of body shall submit copies of their certificate of incorporation (for limited liability companies) and certificate of shareholders, as those are issued by the Department of Registrar of Companies and Official Receiver.
- (ix) Wineries participating either as individuals or part of any form of body shall comply with the requirements of The Food (Sale and Control) Laws of 1996 – 2006, as well as the requirements of The Water Pollution Controls Laws of 2002-2008.
- (x) Wineries that apply as individuals or part of any form of body shall submit, for each of their members that participate in the Scheme, the following documents:
 - (a) Certificate of registration in accordance with the provisions of The Factories Laws of 1956-1996.
 - (b) Certificate of compliance issued from the Health Inspector Services.
 - (c) Certificate from the Ministry of Labour and Social Insurance ensuring that the winery has fully settled its social insurance obligations.
 - (d) Certificate from the Inland Revenue Department ensuring that the winery has fully set its tax obligations.
 - (e) Certificate from the VAT Services ensuring that the winery has fully settled its tax obligations.
 - (f) Wastewater Discharge Permit from the Ministry of Agriculture, Natural Resources and Environment, or a certificate ensuring that such permit is not obligatory.
- (xi) Wineries that apply as individuals or part of any form of body shall comply with the provisions of (EC) 436/2009 regarding all books and records that shall be kept, as well as obligatory submission of production declarations.

12. Priority criteria

Under Article 4 of Regulation (EC) 555/2008, In circumstances where, for one financial year, the total public funding exceeds the budgeted amount, preference shall be given Programs submitted by micro, small and medium-sized enterprises in the meaning of Commission Recommendation 2003/361/EC, and to collective

brand names. In circumstances where total expenditure eligible for funding exceeds the pre-set budgeted amounts allocated to each financial year, the Competent Authority shall apply a percentage reduction of the budget per Program.

13. Submission of requests to express interest, submission of application and proposals for the Promotion program

- Submission of expression of interest and tender documents shall be made by hand at the head offices of the WPC and a receipt shall be given to interested parties or registered by post on the name of the Director of the WPC, PO Box 71011, 3840 Limassol with the indication "Promotion of wines on Third Country Markets", WPC 3b.

- In circumstances where the implementing organisation is chosen, an application of participation along with a proposal shall be submitted. The submission shall be made by hand at the head offices of the WPC and a receipt shall be given to interested parties or by post (registered letter) on the name of the Director of the WPC, PO Box 71011, 3840 Limassol. The envelope shall clearly state "Promotion of wines on Third Country Markets", WPC 3b.

- The application form shall be fully completed in ink or typewritten, with no empty spaces or omissions and be clearly legible. The use of correction fluid is not allowed. In circumstances where a correction shall be made, the applicant shall strikethrough the error and mark with one's initials. The interested parties shall keep a copy of the application form.

- Attached documents shall be originals or stamped as true copies of the originals. The originals can be returned to the applicants after the copies are made and stamped as true copies.

- Applications that are submitted or posted after the deadline laid down in the notice shall be considered overdue and shall not proceed for examination. For applications send by post, the date of submission is the date on the stamp of the Post Office.

- All interested parties can submit one application for each invitation within the deadlines of each call.

14. Contents of a proposal for a promotion program

Proposals shall be a summary of the program and shall include, among others, the following:

- (i) Feasibility, importance and contribution of the Program,
- (ii) Description of the operations of the participants ,
- (iii) Description of the product – Selection criteria
- (iv) Evaluation of the state of proposed target market and the excising competitiveness
 1. Export matters
 2. Consumer behavior and trends

3. Main competitors – Strengths, weaknesses (price – quality – market position) – Comparative advantages – disadvantages
4. Market segmentation
5. Market positioning
 - A SWOT analysis (Strengths – Weaknesses – Opportunities – Threads) may be included
- (v) Description of the objectives and expected outcomes,
- (vi) Evaluation of the response rate of the participants – Competences, capabilities, logistics, resources to implement the program
- (vii) Expected promotion activities – Analysis of basic assumptions and estimations
- (viii) Time schedule,
- (ix) Analysis of estimated costs
- (x) Analysis of the expected outcomes.

The Proposal shall not exceed 5.000 words.

15. Assessment procedure

15.1 Administrative checks

The WPC carries out administrative checks in accordance with paragraphs 4 and 11 of this manual. In circumstances where there are pending documents or where further clarifications are needed, the applicant is informed accordingly by a letter and is obliged to reply within 30 days. In circumstances where the applicant does not reply within the deadline, the application is deemed to be invalid.

15.2 Assessment

Applications that fulfill all requirements of paragraph 15.1 of this manual are forwarded to the Assessment Committee and the Proposals are appraised with reference to the following criteria:

- i. Compliance with the requirements of national and EU legislation regarding eligible wines
- ii. Compliance with the guidelines laid down in this manual
- iii. Consistency with the proposed strategic plans and the pre-defined goals
- iv. Market expectations
- v. Quality of proposed operations
- vi. The information distributed in the context of the promotion campaign shall be based on the intrinsic characteristics of the wines to be promoted

- vii. Expected impacts of the proposed operations on the future demand of the promoted wines
- viii. Financial feasibility of the Program and cost/benefit analysis of the proposed operations
- ix. Ability to finance the Program
- x. Ability to meet market's demand once targets are achieved
- xi. Technical capabilities, guarantees of effectiveness and evidence of relevant work experience (as defined in paragraph 11(v)) of the proposed Implementing agency
- xii. Beneficiaries shall ensure that the cost of implementing the proposed operations does not exceed market prices.

Upon completion of administrative checks and the assessment of Proposals, the WPC prepares, with reference to the budgeted amount for the Scheme, a list of all approved Programs.

15.3 All interested parties are informed about the outcomes of the assessment and within 30 calendar days following the notification of the decision of the WPC, the Public Aid Agreement is prepared. With reference to rejected applications, the applicants retain the right to submit an objection.

16. Public Aid Agreement

A Public Aid Agreement is signed by the applicants, the CAPO and the WPC, under which each party undertakes its obligations.

Following the signing of the Agreement the applicant is bound to design and implement a promotion program based on the submitted proposal. A 15% performance guarantee is submitted, with the expiration date set 3 months following the completion date of the promotion program.

It is emphasized that all operations shall commence subsequent the signing of the Public Aid Agreement. Any operations that commenced prior the signing of the Agreement are not eligible for funding.

In circumstances where the actual expenditure of one operation is lower than the budgeted amount allocated to that operation, public aid shall be paid with reference the actual cost.

17. Promotion program

In circumstances where a proposal is approved, the participants shall submit to the WPC, within the time schedule, a complete marketing plan with duration of at least 9 months commencing the date of signing the Public Aid Agreement. The context of the Marketing plan shall be structured as mentioned in paragraph 14, divided into the following 3 chapters:

1. Analysis of current market situation through market research (product analysis, market analysis, analysis of competitors)

2. Strategic marketing plan and determination of marketing mix
3. Design the promotion operations

A program is eligible for funding provided that it has been assessed by the Assessment Committee. In circumstances where the findings of the assessment procedure indicate that there has not been in line with the provisions laid down in the proposal, the acceptance of the application is revoked and any payments in advance to the applicant become immediately due.

The context of the Program cannot be altered during the implementation phase, unless the modifications optimize the business opportunities and offer increased prospects of success. Nevertheless, any required alterations shall be communicated to the WPC and the relevant approval from the Assessment Committee shall be provided.

Additional information regarding the legal basis of the Scheme can be obtained at the following addresses:

<http://eur-lex.europa.eu/el/legis/index.htm>, <http://www.wpc.org.cy>

Note that these guidelines are not exhaustive. In circumstances where the provisions of these guidelines contradict the original text in Greek, the Greek text is binding.

ANNEX I – LIST OF THIRD COUNTRY MARKETS

A. Countries

- South Africa
- FYROM
- Australia
- Bosnia-Herzegovina
- China
- South Korea
- Croatia
- India
- Japan
- Kosovo
- Montenegro
- Norway
- New Zealand
- Russia
- Serbia
- Switzerland
- Turkey
- Ukraine

B. Geographical areas

- North Africa
- North America
- Latin America
- Southeast Asia
- Middle East