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EXPLANATORY NOTE

ON

CRISIS PREVENTION AND MANAGEMENT MEASURES – MUTUAL FUNDS

Article 33(3)(d) of Regulation (EU) No 1308/2013[1]

Article 40 of Commission Delegated Regulation (EU) 2017/891[2]

This explanatory note is based on Regulation (EU) No 1308/2013 [CMO] and on Commission Delegated Regulation (EU) 2017/891 [DA].

Consideration has also been given to the rules on mutual funds under Regulation (EU) No 1305/2013 (Art. 36-39a) to the extent these rules are compatible with the CMO Regulation and with Commission Delegated Regulation (EU) 2017/891.

This explanatory note does not represent a binding legal interpretation of Regulation (EU) No 1308/2013 and of Commission Delegated Regulation (EU) 2017/891. This explanatory note expresses the view of the Commission services and does not commit the European Commission. In the event of a dispute involving Union law it is, under the Treaty on the Functioning of the European Union, ultimately for the Court of Justice of the European Union to provide a definitive interpretation of the applicable Union law.

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

2 Commission Delegated Regulation (EU) 2017/891 of 13 March 2017 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council with regard to the fruit and vegetables and processed fruit and vegetables sectors and supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to penalties to be applied in those sectors and amending Commission Implementing Regulation (EU) No 543/2011 (OJ L 138, 25.5.2017, p. 4).

I. LEGAL BASIS

(a) REGULATION (EU) NO 1308/2013 [CMO]

Article 33 - **Operational programmes**

1. Operational programmes in the fruit and vegetables sector shall have a minimum duration of three years and a maximum duration of five years. They shall have at least two of the objectives referred to in point (c) of Article 152(1) or two of the following objectives:

(…)

(f) crisis prevention and management, including providing coaching to other producer organisations, associations of producer organisations, producer groups or individual producers.

(…)

2. Associations of producer organisations may also present an entire or partial operational programme composed of measures identified, but not carried out, by member organisations under their operational programmes. The operational programmes of associations of producer organisations shall be subject to the same rules as operational programmes of producer organisations and shall be considered with the operational programmes of member organisations.

3. Crisis prevention and management (…) shall be related to avoiding and dealing with crises on the fruit and vegetable markets and shall cover in this context:

(…)

(d) support for the administrative costs of setting up mutual funds and financial contributions to replenish mutual funds, following the compensation paid to producer members who experience a severe drop in their income as a result of adverse market conditions;

(…)

Crisis prevention and management measures, including any repayment of capital and interest (…), shall not comprise more than one third of the expenditure under the operational programme.

(…)

Producer organisations may take out loans on commercial terms for crisis prevention and management measures. In that case, the repayment of the capital and interest on those loans may form part of the operational programme and so may be eligible for Union financial assistance under Article 34. Any specific action under crisis prevention and management may be financed by such loans or directly, or both.

(b) COMMISSION DELEGATED REGULATION (EU) 2017/891 [DA]

Article 40 - **Support related to mutual funds**

1. Member States shall adopt detailed provisions concerning support for the administrative cost of setting up mutual funds and the replenishment of the mutual fund, as referred to in point (d) of the first subparagraph of Article 33(3) of Regulation (EU) No 1308/2013.

2. The support for the administrative cost of setting up mutual funds referred to in paragraph 1 shall comprise both the Union financial assistance and the contribution from the producer organisation. The total amount of that support shall not exceed 5 %, 4 % or 2 % of the contribution of the producer organisation to the mutual fund in the first, second and third year of its operation, respectively.

3. A producer organisation may receive the support for the administrative cost of setting up mutual funds referred to in paragraph 1, only once and only within the three first years of the operation of the mutual fund. Where a producer organisation only asks for that support in the second or the third year of operation of the mutual funds,

the support shall be 4 % or 2 % of the contribution of the producer organisation to the mutual fund in the second and third year of its operation, respectively.

4. Member States may fix ceilings for the amounts that may be received by a producer organisation as a support related to mutual funds.

II. RATIONALE OF THE MEASURE

Nowadays, farmers are exposed to increased economic (e.g. volatility of the prices of the input costs), environmental, sanitary (e.g. animal and plant health) or climatic (e.g. extreme weather events, climate change) risks, which may have a strong impact on farmers' income stifling long-term planning and investments. Consequently, high uncertainty about the future implies that farmers' competitiveness in the long run may be compromised. This may in turn generate high fluctuation of income, meaning that even farmers that are in normal years competitive may be forced out of business due to one disastrous event.

Even though the impact on the farmer's income ultimately depends on the interplay of many factors, including the global market and policy support, the higher likelihood of failures in production may lead to increasing instability in the economic situation of farmers.

Against this background, effective management of risks should be holistic – involving prevention, response, planning – but still tailored to farmers' individual situations. The heterogeneity of risks and agricultural structures throughout the EU favours a more decentralised approach to using instruments, such as mutual funds, that is best suited to address specific needs of particular regions and sectors. Rather than applying a "one size fits all" approach, it is preferable to ensure that Member States have flexibility in addressing risks faced by farmers, so that the most appropriate solution may be found.

In view of this, risk management tools in the CMO Regulation have been improved by the 'Omnibus' Regulation[3], improving the possibilities to support mutual funds via producer organisations' operational programmes in the fruit and vegetables sector.

Member States need to provide for specific conditions to grant Union support under this measure. When doing so they need to ensure that equal treatment among farmers across the Union is ensured, as well as compliance with Union competition rules and with Union international commitments (such as the WTO Agreements).

III. THE MUTUAL FUND MEASURE

What is new in comparison to the former provision [Article 40 of the DA]

Mutual funds' support has been expanded, allowing for the possibility to obtain financial contributions to replenish mutual funds following a payment to producer members of producer organisations.

[3] European Parliament and Council Regulation (EU) 2017/2393 (OJ L 350, 29.12.2017, p. 15).

Contribution of the measure to cross-cutting objectives

Promoting crisis prevention and management in agriculture is one of the six objectives of the EU's fruit and vegetables policy since its beginning in 1996.

1. SCOPE, TYPE AND LEVEL OF SUPPORT - DEFINITIONS RELEVANT IN THE CONTEXT OF MUTUAL FUNDS UNDER THE FRUIT AND VEGETABLES PROGRAMME

Although the rules on mutual funds set out in Regulation (EU) No 1305/2013[4] are not binding for the mutual funds measure under the CMO Regulation, they provide a useful basis on which Member States could develop rules on mutual funds in the context of Regulation (EU) No 1308/2013, to the extent these rules are in line with the legal framework provided for therein.

- **"Mutual fund"** is used in both Regulation (EU) No 1305/2013 and in the CMO Regulation. Under Regulation (EU) No 1305/2013[5] it means a scheme that may be accredited by the Member State for affiliated farmers to insure themselves, whereby compensation payments are made to affiliated farmers for economic losses caused by the outbreak of adverse climatic events or an animal or plant disease or pest infestation or an environmental incident or **for a severe drop in their income**.

  Compared to mutual funds under Regulation (EU) No 1305/2013 the CMO Regulation does require accreditation of mutual funds though accreditation may be beneficial also for mutual funds under the CMO Regulation because it may help, among others, reduce the risk of double funding.

- **"Severe drop of income" -** a proxy for income could be the value of marketed production (VMP)[6] of the producer organisation / association of producer organisations where all producers or members of an association of producer organisation suffer severe drop in income. The VMP could be for this purpose calculated based on ex-producer organisation prices and for each product. This however does not mean that drop of income of a producer should be disregarded when establishing detailed rules on support of mutual funds.

  Attention needs to be paid in particular to cases where only a part of the producer members of the producer organisation or members of an association of producer organisations have suffered severe drop of income, for instance because the adverse market conditions concern only part of products for which the producer organisation or association of producer organisations is recognised. In these circumstances, payments from the mutual fund to those who have not suffered severe drop of income as a result of adverse market conditions would not be eligible for Union financial assistance based on Article 33(3)(d) of the CMO Regulation. On the contrary, eligibility of payments from mutual fund to those that have suffered severe drop of income as a result of adverse market condition should not be refused merely on the ground that the overall VMP of the producer organisation/association of producer organisations has not decreased or has not decreased sufficiently. Assessment needs to be made on a case by case basis, taking into account the individual circumstances of the producer organisations, associations of

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[4] OJ L 347, 20.12.2013, p. 487.

[5] Article 36(3) of Regulation (EU) No 1305/2013.

producer organisations and their members as well as the market conditions that have caused the severe drop of income.

Regulation (EU) No 1305/2013 provides that compensation to farmers of a specific sector for a severe drop in their income shall only be granted in duly justified cases and where the drop in income exceeds a threshold of at least 20% of the average annual income of the individual farmer in the preceding three-year period or a three-year average based on the preceding five-year period excluding the highest and lowest entry. Regulation (EU) No 1308/2013 does not contain any such thresholds.

To ensure uniform and non-discriminatory application of the measures, Member States could take the similar approach to the one laid down in Regulation (EU) No 1305/2013 and grant support to replenish mutual funds where the drop of income of the PO (i.e. VMP per product) exceeds 20% of the average price (market price of the representative market or withdrawal price as basis as explained later) of the affected product in the preceding three-year period or a three-year average based on the preceding five-year period excluding the highest and lowest entry.

- **“Adverse market conditions”** - should refer to an objectively existing situation in the market for a given product that leads to a drop of income of producer members. A drop exceeding 20% of the average price of the affected product in the preceding three-year period or a three-year average based on the preceding five-year period excluding the highest and lowest entry could be one indicator of adverse market conditions. The adverse market conditions could also be established based on change in the representative Market price of the products concerned or taking the amounts of support for market withdrawals - see 2nd proposed example below on page 6.

Below are a number of other examples of relevant factors and situations that could be used to establish whether payments from mutual fund that could be eligible for Union financial assistance in the form of contribution to the replenishment of the mutual fund.

- **Input costs' price increase resulting in severe drop of income**

  Rise in the inputs costs (e.g. price increase of fertiliser that may cause a drop in the income of the affected producers) may result in a loss of income where this rise in costs of inputs cannot be passed on to customers in the form of increase of price due to adverse market conditions.

  Member States could establish a standard methodology to estimate the weight of the inputs in the final price of the product by productive orientation, evidencing the price increase.

  The payments from mutual fund could for instance be made to producers, if all other conditions are met, where it would be proven that the weight of the input cost as a proportion of the price ex producer organisation of the affected product increased by at least 20%.

  The evidence supporting the income drop caused by the input costs rise should be based on market and accounting data certified by a public or private independent qualified body or expert in the concerned field and its accuracy and reliability needs to be checked by the Member State to ensure that the conditions for eligibility to Union financial assistance for mutual funds under the CMO Regulation are met.

- **Market withdrawals as baseline for determining whether payments from mutual fund should be made**

  The maximum amounts of support for market withdrawals as defined in Article 45(1) and Annex IV to the DA could be used as the baseline to calculate the drop of the price in the market and as such used as a "trigger threshold" for the mutual fund because they are calculated taking the representative price of each product concerned. They should be weighted to show 20% of drop of price, as calculated in the example below.

Annex IV CDR 2017/891	€/100 kg				
	40%*5years average of EU Prices ex PO	30%*5years average of EU Prices ex PO			**mutual fund baseline market price**
	free distribution (1)	other destinations (2)	(3)=80%*(1)=(1)*2	(4)=80%*(2)=(2)*8/3	**min of the (3) and (4)**
Cauliflowers	21,05	15,79	42,1	42,11	**42,10**
tomatoes (1june-31 october)	7,25	7,25	14,5	19,33	**14,50**
tomatoes (1 november-31 may)	33,96	25,48	67,92	67,95	**67,92**
Apples	24,16	18,11	48,32	48,29	**48,29**
Grapes	53,52	40,14	107,04	107,04	**107,04**
Apricots	64,18	48,14	128,36	128,37	**128,36**
Nectarines	37,82	28,37	75,64	75,65	**75,64**
Peaches	37,32	27,99	74,64	74,64	**74,64**
Pears	33,96	25,47	67,92	67,92	**67,92**
Aubergines	31,2	23,41	62,4	62,43	**62,40**
Melons	48,1	36,07	96,2	96,19	**96,19**
Watermelons	9,76	7,31	19,52	19,49	**19,49**
Oranges	21	21	42	56,00	**42,00**
Mandarins	25,82	19,5	51,64	52,00	**51,64**
Clementines	32,38	24,28	64,76	64,75	**64,75**
Satsumas	25,56	19,5	51,12	52,00	**51,12**
Lemons	29,98	22,48	59,96	59,95	**59,95**

2. ELIGIBLE COSTS. TYPES OF EXPENDITURES COVERED BY THE MUTUAL FUNDS ACTION

In order to be eligible for Union financial assistance, it would be desirable that the mutual fund concerned:

1. has a transparent policy towards payments into and compensations paid from the fund;

2. has clear rules attributing responsibilities for any debts incurred;

3. be accredited by the competent authority in accordance with national law;

Union financial assistance under the mutual funds action should cover:

Types of expenditure covered by the mutual funds action:

1. Administrative costs linked to the setting-up of the mutual fund should include among others costs for managing the fund (same as the fund length i.e. 5 years maximum), registration fees, personnel costs and overheads; and
2. Financial contributions referred to in Article 32(1)(a) of CMO Regulation to replenish mutual funds, following the compensation paid to producer members who experience severe drop in their net income[7] as a result of adverse market conditions. The replenishment should be done through the operational fund. The financial assistance to replenish the mutual fund would become a dedicated part of the operational fund (and thereby replenish the mutual fund).

According to Article 40(4) of DA "*Member States may fix ceilings for the amounts that may be received by a producer organisation as a support related to mutual funds*.".

Member States should ensure that overcompensation[8] as a result of the combination of this measure with other national or Union support instruments or private insurance schemes is avoided. Re-insurance of mutual funds is not eligible for support under the EAGF.

The support to administrative costs of setting up the mutual fund should spread over a maximum of three years in a degressive manner (*The total amount of support including both the Union financial assistance and the contribution from the producer organisation, shall not exceed 5 %, 4 % or 2 % of the contribution of the producer organisation to the mutual fund in the first, second and third year of its operation, respectively. A producer organisation may receive support for the administrative cost of setting up mutual funds only once and only within the three first years of the operation of the mutual fund. Where a producer organisation only requests support in the second or the third year of operation of the mutual funds, support shall be 4 % or 2 % of the contribution of the producer organisation to the mutual fund in the second and third year of its operation, respectively.)*;

Financial contributions to replenish mutual funds would cover the following items:

1. Amounts paid by the mutual fund as financial compensation to producer members who experience severe drop in their income as a result of adverse market conditions. For this purpose Member States should not distinguish whether the amounts paid to the producer members as a compensation originated from the operational capital, basic capital or other funds of the mutual fund including commercial loans taken out by the mutual fund to compensate producer members, where the conditions of the CMO Regulation are met and where other resources in the mutual fund are insufficient to provide the necessary compensation; (see last paragraph of Article 33(3)):

2. Interest on commercial loans taken out by the mutual fund for the purpose of paying the financial compensation to farmers from the mutual fund where the funds available in the mutual fund would be insufficient to meet the compensation requests;

Member States should fix ceilings for the amounts that may be received by a producer organisation as a support (Union financial assistance) related to mutual funds.

[7] For instance, when input cost get high the income may also get higher, however the net income could be affected.

[8] As provided for in Article 34 of Commission Implementing Regulation (EU) No 2017/892 (OJ L 138, 25.5.2017, p. 57).

Starting capital stock of the mutual fund that will feed the compensations in case the conditions are met could be financed through the rural development programme (see Article 39 of Regulation (EU) No 1305/2013). Member States should in such case ensure that double financing is avoided.

In view of the rules applicable under Regulation (EU) No 1305/2013, Member States may when setting rules on payment of compensations from the mutual fund to producer members decide to compensate for less than 70% of the income lost in the year the producer becomes eligible to receive this compensation from the mutual fund. Maximum compensation = (threshold price per product – average market price per product) (€/100 kg)*Volume (kg)* [70%].

Administrative costs linked to the setting-up of the mutual fund should include among others costs for managing the fund (3 years maximum), registration fees, personnel costs and overheads.

To ensure transparency and legal certainty, Member States should define the rules for the constitution and management of the mutual funds, in particular for the granting of compensation payments and the eligibility of the producer organisation or the association of producer organisations[9], as well as for the administration and monitoring of compliance with these rules[10]. Member States should also ensure that mutual fund arrangements provide for penalties in case of negligence (Article 60 of DA) by producers members of the producer organisation/ association of producer organisations/the producer organisation/the association of producer organisations as part of the statutes of the producer organisation or their associations.

3. Beneficiaries of Union financial assistance

According to Article 33(3)(d) of the CMO Regulation, the beneficiaries of the Union financial assistance should be producer organisations and associations of producer organisations, as applicable in the Member State concerned[11].

The PO may decide to compensate only one of its members (if recognised for multiple products, only the producer producing the affected product) all or part of producer members of producer organisations or associations of producer organisations.

4. Aid intensity / amount of Union financial assistance

Mutual funds: Union financial assistance covers administrative costs as explained on page 7 and 50%[12] of the eligible costs (actual expenditure incurred), pursuant to Article 34(1) of the CMO Regulation.

It would be appropriate that Member States limit the costs that are eligible for support by applying:

[9] For instance, minimum size of the producer organisation or association to be eligible.
[10] Articles 26 and 27 of Commission Implementing Regulation (EU) 2017/891.
[11] E.g. additional conditions set out in the National strategy. Article 34 of the DA.
[12] EU financial assistance to the operational funds.

1. ceilings per mutual fund;

2. appropriate per unit[13] ceilings.

In view of the rules applicable under Regulation (EU) No 1305/2013, it is recommended that Member States when setting rules on payment of compensations from the mutual fund to producer members compensate for less than 70% of the income lost in the year the producer organisation or association became eligible to receive this assistance.

> *Maximum compensation = (threshold price per product – average market price per product) (€/100 kg)*Volume (kg)* [70%]*

5. ADMINISTRATIVE / FINANCIAL MANAGEMENT

a. National strategies

According to Article 36(2) of CMO Regulation and Article 27 of the DA, a Member State shall establish a national strategy of sustainable operational programmes including, among others, priorities chosen for the sector and a balance of the measures/actions as maximum percentages of the operational fund which may be spent on any measure/action.

A balance is particularly relevant in the case of risk management. There should be a minimum critical mass (e.g. producer organisations with a minimum number of members) to trigger the risk management tool, to compensate the producers and to keep producers' contributions reasonable[14].

At the same time, the necessary coherence between the different CAP schemes should be ensured and double funding between different crisis measures should be excluded. For instance, producer organisation or association of producer organisations shall not compensate its producer members for market withdrawals of the products for which compensation for severe drop of income has been paid from mutual fund. The products benefitting from mutual fund compensations may however be sold on the market, processed, etc.

b. Minimum and maximum duration of commercial loans to mutual funds

Member Stated should limit the duration of commercial loans to the duration of the operational programme concerned.

c. Other issues concerning mutual funds

- Specific **rules on the contribution** that any producers members of the producer organisation / association of producer organisations / producer organisation / association of producer organisations should pay into the fund, the payment intervals, could be established by the Member State. For instance, the amount producer members of the producer organisation / association of producer organisations / producer organisation / association of producer organisations are required to pay could be modulated based on an ex-ante risk assessment, the average income, the size of the producer organisation or association, etc. Such requirements should, where established, be included in the statutes

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[13] Producer organisation, its members, products, etc.

[14] See footnote 10.

of the producer organisation/association of producer organisations. It is Member State's responsibility to ensure proper targeting and tailoring of the measure according to its strategic approach based on SWOT analysis / identification of needs in the National Strategy.

- A mutual fund set up under Article 33(3)(d) of the CMO Regulation may take on **other functions**, such as credit provision for producer members. Since producers make contributions to a collective stock of resources that are available for dealing with crises, there could be an incentive for producer members to contribute with a top-up from which could be constituted an additional pool of collective assets that could be used to make credit to them. Where the mutual fund should be used also for other purposes than payment of compensations to producer members as referred to in Article 33(3)(d) of the CMO Regulation the resources allocated to the mutual fund for other purposes should be clearly distinguished (e.g. held in separate accounts) from the capital stock/resources of the mutual fund, which would be used in case of crisis (similarly to the principles set out in Article 16 of DA as regards non-producer members) Only the amounts specifically dedicated to ensuring compensation for severe loss of income due to adverse market conditions should be ring fenced and would be considered as the basis to calculate public aid intensity.

- **Contributions** to the mutual fund's capital stock from private actors other than producer members (e.g. non-producers PO members) could be allowed. While being contributors, non-producers PO members would not be entitled to receive any compensation or repayment from the mutual fund. In any case, compensation from the mutual fund could only be paid to producer members, as ultimate beneficiaries of the Union aid scheme in the fruit and vegetables sector, while, as far as the inputs into the stock of capital are concerned, no restrictions appear to be necessary[15].

- Producer members of producer organisations or their associations may be entitled to **recover parts of their contributions** to the fund after a certain number of years if the mutual fund was not used to compensate the producer members in accordance with Article 33(3)(d) of the CMO amounts collected were not used and if this approach has been chosen by the Member State / Producer Organisation. It is in Member States / PO's responsibility to establish appropriate and transparent rules in this respect, in accordance with Article 36(3) of DA.

6. CONTROL AND MONITORING

The MS should ensure that the mutual fund action is subjected to the same checks as the other actions included in the operational programmes.

The producer organisation should pay special attention to the documentation to be kept in connection the implementation of this action, in particular to:

- the inclusion of this action in the operational programme or its amendment;

[15] See Article 16 of Regulation (EU) 2017/891.

- the assessment that led to payment of compensation from the mutual fund (i.e. how e.g. the drop of 20% was calculated, for which products, how is it ensured that the price ex-PO is aligned with the market price, etc.);

- the members, produce, final destination of the production and time period covered by this measure;

- the PO's contribution to the replenishment of the Mutual Fund and regular contributions of PO members to the mutual fund.

This documentation should be controlled by the Member State at the moment of the approval of the amendment of the operational programme (trigger of the mutual fund) and at the moment of the payment claim.

On top of these checks, the MS should pay special attention to the risk of overcompensation.

7. ANNUAL REPORT FROM PRODUCER GROUPS, PRODUCER ORGANISATIONS AND ASSOCIATIONS OF PRODUCER ORGANISATIONS

The information related to mutual funds should be filled in the Tables 3.2 and 4.1 of the annual reports.

Annex I

RISK MANAGEMENT INSTRUMENTS UNDER THE FIRST PILLAR OF THE CAP

Relevant legislation:

- **Fruit and vegetables:** Articles 32-34 of Regulation (EU) No 1308/2013 (CMO) amended by Regulation (EU) No 2017/2393 (Omnibus) and Article 40 of Commission Delegated Regulation (EU) 2017/891.

a. Comparative table of available instruments for risk management

Type of tool	Sector/beneficiaries	Measure description and eligible costs	Trigger/Conditions	Aid rates and co-financing rates
Insurance	**POs in F&V (Article 33(3)(h) of the CMO Regulation and Article 51 of Regulation (EU) 2017/891)**	**Harvest insurance actions** to be managed by a PO/ PO member to contribute to safeguarding producers' incomes where there are losses as a consequence of natural disasters, climatic events and, where appropriate, diseases or pest infestations.	MS can decide whether to include crisis prevention and management in their operational programmes. If they do so, they shall adopt detailed provisions on the implementation of harvest insurance actions.	MS may grant additional national financing but the total public support may not exceed: – 80% of the cost of the insurance premium paid for insurances against losses as a result of adverse climate events which can be assimilated as natural disasters; – 50% of the cost of the insurance premiums paid against losses caused by: – adverse climate events, when including other elements than natural disasters. – animal or plant deceases or pest infestations. Supported insurance payment cannot exceed 100% of the income loss suffered or distort the insurance market.

				Total expenditure for crisis measures is capped at one third of the expenditure under the programme.
Type of tool	**Sector/beneficiaries**	**Measure description and eligible costs**	**Trigger/Conditions**	**Aid rates and co-financing rates**
Mutual funds	**PO in F&V (Article 33(3)(d) of the CMO Regulation and Article 40 of Commission Delegated Regulation (EU) 2017/891)**	Support for the administrative cost of **setting up and for the replenishment**[16] of mutual funds.	MS can decide whether to include crisis prevention and management in their operational programmes. Member States shall adopt detailed provisions for support for the administrative cost of setting up mutual funds.	The contribution to administrative costs of setting up the mutual fund is degressive over 3 years as follows: – 5%, 4% and 2% respectively for other MS – Aid for setting up only once during the programme. (Support shall comprise both, the contribution from the Union and the contribution from the PO). Aid rate for replenishment=50% of the financial contributions to replenish the fund Total expenditure for crisis measures is capped at one third of the expenditure under the programme.
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[16] Regulation (EU) No 2017/2393 amending Regulation (EU) No 1308/2013 applicable as of 1 January 2018.

Promotion and communication	**PO in F&V (Article 33(3)(c) of the CMO Regulation and Article 14 of CIR 2017/892)**	Promotion and communication measures, including actions and activities aimed at diversification and consolidation on the fruit and vegetable markets, whether those measures relate to crisis prevention or crisis management. They shall allow for the rapid application of the measures when required. They can be implemented in the internal market and third countries. The principal aim of those measures shall be enhancing the competitiveness of the products marketed by the producer organisations and their associations in the case of serious market disturbance, loss of consumer confidence or other related problems. Aligned to Regulation (EU) No 1144/2014 of the European Parliament and of the Council of 22 October 2014 on information provision and promotion measures concerning agricultural products implemented in the internal market and in third countries as regards opening and consolidation of markets in third countries.	MS can decide whether to include crisis prevention and management in their operational programmes.	Costs related to the negotiation and to implementation and management of third country phytosanitary protocols in the territory of the Union if borne by the producer organisation or association of producer organisations as a part of crisis prevention and management measures referred to in Article 33(3)(a) and (c) of Regulation (EU) No 1308/2013. Eligible costs under these measures shall be costs related to the organisation and participation in promotion and information events, including public relations work, promotion and information campaigns and may take the form of participation in events, fairs and exhibitions of national, European and international importance. Costs related to technical advisory services are eligible if they are necessary for the organisation or participation of these events or for promotion and information campaigns. Total expenditure for crisis measures is capped at one third of the expenditure under the programme.
Coaching	**PO/APO* in F&V (Article 33(3)(i) of the CMO Regulation and Article 51bis of CDR 2017/891)**	Exchange of best practices related to crisis prevention and management measures, helping recognised producer organisations, producer groups or individual producers to benefit from experience with implementation of crisis prevention and management measures; promoting the setting-up of new producer	MS can decide whether to include crisis prevention and management in their operational programmes.	Costs related to coaching as part of the crisis prevention and management measures of the operational programme. Eligible costs under this measure shall be:

	*The coaching provider shall be the association of producer organisations or the producer organisation. The coaching provider shall be the beneficiary of the support for coaching measures. The coaching recipient shall be a recognised producer organisation or a producer group located in regions with an organisation rate lower than 20%, for the three consecutive years preceding the implementation of the operational programme. Individual producers, non-members of a producer organisation or their associations, may be coaching recipients	organisations, merging existing ones or enabling individual producers to join an existing producer organisation; creating networking opportunities for coaching providers and recipients to strengthen in particular marketing channels as a means of crisis prevention and management. The expenditure related to coaching shall be part of the crisis prevention and management measures of the operational programme.		(a) costs of organising and delivering coaching, and (b) costs of travel, accommodation and *per diem* expenses of coaching provider.

	even if they are located in regions with organisation rate above 20%.			