1. SYNOPSIS

1.1. Action Summary Table

| Title                                                      | Action 06. EU for Agriculture and Rural Development  
|                                                           | IPA III Annual Action Plan in favour of Kosovo* for 2021 |
| CRIS number                                               | 043-659/6                                                   |
| Basic Act                                                 | Financed under the Instrument for Pre-accession Assistance (IPA III) |
| Team Europe Initiative                                    | Yes, both areas of support will be implemented with entrusted entities: |
|                                                           | Area of support one (1) will be implemented in close cooperation with The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Germany |
|                                                           | Area of support two (2) will be implemented in close cooperation with Italian Agency for Development Cooperation, Italy |
| Zone benefiting from the action                           | The action shall be carried out in Kosovo                   |
| Programming document                                      | IPA III Programming Framework                               |

**PRIORITY AREAS AND SECTOR INFORMATION**

| Window and thematic priority                              | Window 4: Competitiveness and inclusive growth  
|                                                           | Thematic priority 3: Agriculture and rural development |
| Sustainable Development Goals (SDGs)                     | Main SDG (1 only): SDG 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all  
|                                                           | Other significant SDGs (up to 9) and where appropriate, targets:  
|                                                           | SDG 5 - Achieve gender equality and empower all women and girls  
|                                                           | SDG 12 - Ensure sustainable consumption and production patterns  
|                                                           | SDG 13 - Take urgent action to combat climate change and its impacts |
| DAC code(s)                                               | 31120 - Agricultural development - (59.8%)  
|                                                           | 31192 - Plant and post-harvest protection and pest control - (23.9%)  
|                                                           | 31110 - Agricultural policy and administrative management - (16.3%) |
| Main Delivery Channel                                     | Main channel: 12000 – Recipient government |

| Markers (from DAC form)                                   | General policy objective | Not targeted | Significant objective | Principal objective |

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence
<table>
<thead>
<tr>
<th>Participating Development/good governance</th>
<th>☐</th>
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<tbody>
<tr>
<td>Aid to environment</td>
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<tr>
<td>Gender equality and women’s and girl’s empowerment</td>
<td>☐</td>
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<tr>
<td>Trade development</td>
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<td>Reproductive, maternal, newborn and child health</td>
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<tr>
<td>Disaster Risk Reduction</td>
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<td>☐</td>
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<tr>
<td>Inclusion of persons with Disabilities</td>
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<td>Nutrition</td>
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<tr>
<td><strong>RIO Convention markers</strong></td>
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<td>Significant objective</td>
<td>Principal objective</td>
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<td>Biological diversity</td>
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<td>Combat desertification</td>
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<td>Climate change mitigation</td>
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<td>Climate change adaptation</td>
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<td>☐</td>
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<tr>
<td><strong>Internal markers</strong></td>
<td>Policy objectives</td>
<td>Not targeted</td>
<td>Significant objective</td>
</tr>
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<td>Migration</td>
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<td>Covid-19</td>
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</tbody>
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**BUDGET INFORMATION**

- **Amounts concerned**
  - Budget line: 15.020201.02
  - Total estimated cost: EUR 10 000 000
  - Total amount of EU budget contribution: EUR 9 200 000
  - This action is co-financed in parallel co-financing by:
    - The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Germany for an amount of EUR 700 000
    - Italian Agency for Development Cooperation, Italy for an amount of EUR 100 000

**MANAGEMENT AND IMPLEMENTATION**

- **Type of financing and method(s) of implementation**
  - Project Modality
  - Indirect management with the entity(ies) selected in accordance with the criteria set out in section 4.2.1:
    - Gesellschaft für Internationale Zusammenarbeit (GIZ)
    - Italian Agency for Development Cooperation.
### Relevant priorities and flagships from Economic and Investment Plan for the Western Balkans [only for the Western Balkans]

| Relevant priorities and flagships from Economic and Investment Plan for the Western Balkans [only for the Western Balkans] | Priorities: Green Agenda, Digital Transition, Innovation Agenda, Private Sector Support, Common Regional Market and Economic Integration  
Flagships: IX Support Competitiveness |
| --- | --- |

### Final Date for conclusion of Financing Agreement

- At the latest by 31 December N+1

### Final date for concluding contribution / delegation agreements, procurement and grant contracts

- 3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 114(2) of the Financial Regulation

### Indicative operational implementation period

- 72 months following the conclusion of the Financing Agreement

### Final date for implementing the Financing Agreement

- 12 years following the conclusion of the Financing Agreement

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### 1.2. Summary of the Action

The action aims to achieve enhanced competitiveness of Kosovo’s agri-food sector and addresses two areas of support, namely:

- **Area of Support 1:** implementation and performance of agri-rural policy, and
- **Area of Support 2:** alignment of Kosovo’s phytosanitary sector to the EU’s organisational, institutional and regulatory standards.

The first area of support aims to improve implementation and performance of Kosovo’s agri-rural policy, notably by strengthening management and control systems and by providing investment grants to Kosovo’s agri-rural operators. This support scheme will be complementary to the grant schemes implemented by the Ministry of Agriculture, Forestry and Rural Development and similar to EU programmes supporting the institutions to build their capacity to secure a sound financial management of the public funds allocated for agriculture and rural development.

The second area of support aims to secure gradual alignment of Kosovo’s phytosanitary sector to the EU’s organisational, institutional and regulatory standards both legally and practically through the development of methods, operational procedures and technical capacities of the plant protection laboratories in line with the applicable EU and international standards.

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### 2. RATIONALE

#### 2.1. Context Analysis

Given the increasing importance and share of agriculture in the gross domestic product (8.1% in 2019), as well as the high potential of this sector to develop further and generate income and jobs, agriculture and rural development policy is undoubtedly an important element of Kosovo’s overall development policy.
The importance of agriculture sector is also confirmed by Kosovo’s financing of the sector which has increased significantly in the last years. In 2019, the budget for agriculture was EUR 45.5 million, of which EUR 25 million for direct payments (subsidies), and EUR 20.5 million for grants awarded under the rural development programme 2019. In 2020, the budget allocated for agricultural support increased to EUR 46.47 million, of which EUR 23.98 million for direct payments (subsidies) and EUR 22.49 million for implementation of the rural development programme 2020 (grants).

The action foresees the development of capacities required for sound financial management of the agricultural policy, the support to a sustainable development of the phytosanitary sector, as well as direct support to agri-food producers in order to develop, among other things, their capacities to meet food safety, hygiene, animal welfare and environmental standards, extensively addressed in the requirements of the Stabilisation and Association Agreement. The activities foreseen under the action will integrate and/or encourage innovation, securing at the same time a comprehensive and effective approach in addressing the food chain, from agricultural production to consumption, when and as applicable.

Currently, Kosovo implements its second seven-year agriculture and rural development programme, namely the Agriculture and Rural Development Program 2014-2020. In view of managing the direct payments/subsidies and rural development programs, Kosovo has established an Operating Structure which considers alignment to the EU requirements for a sound management of the agricultural policy and consists of a Managing Authority (role held by the Rural Development Policy Department within the Ministry of Agriculture, Forestry and Rural Development) and a Paying Agency (role held by the Agency for Development of Agriculture). The support foreseen under the action for building further the capacity for phytosanitary controls is highly important for developing the capacity for exporting food products.

2.2. Problem analysis by areas of support

**Area of support 1**

*Short Problem Analysis*

The first category of problems addressed under area of support 1 of this action concerns Kosovo’s agri-food stakeholders who face dramatic challenges regarding their production capacity and productivity, as well as quality and marketability of their production. These problems have significant negative socio-economic consequences for rural areas.

More specifically, the agriculture sector has always been one of the key sectors for Kosovo that has now a market economy open to international trade. Nevertheless, in spite of gradual improvements of the supply chains, Kosovo is highly dependent on food imports. At primary production level, the challenges include outdated farm technologies, high seasonal concentration of production and poor integration of the farmers in the value chain. Agri-food processors lack the capacity to deliver products that meet the EU standards in terms of quality and variety. Marketing and marketability of the processed agricultural products are weak. Extreme poverty of rural areas and the high level of unemployment among rural population, particularly for women and youth, are additional problems in the sector. Migration of youth from rural areas, mainly due to poor living conditions and lack of employment opportunities, is a worrying consequence. The Stabilisation and Association Agreement between the European Union and Kosovo offers important opportunities for Kosovo's agri-food products to enter the EU market, but also brings for the local stakeholders the challenge of a much higher competition with similar stakeholders from the EU Member States than before.

The management and control systems set-up and the structures for agriculture and rural development need significant improvements. This is underlined by Kosovo Report 2021 which highlights that while “Kosovo’s institutional set-up includes the necessary system for the development and implementation of agriculture and rural development policy” still lacks a broad rural development strategy. Specifically, while budget allocations for direct payments and grants increased by 35% in 2020, cross-compliance issues remain unaddressed still, including the system for monitoring and evaluating grants and subsidies. The area of support 1 of this action addresses extensively these challenges. The report also underlines that “Kosovo Institute of Agriculture (as the only scientific body supporting the phytosanitary sector) should implement the quality assurance system and complete the accreditation of the plant protection laboratory”, issues addressed under the area of support 2 of this action which foresees development further of Kosovo Institute of Agriculture, addressing implicitly the needs underlined by the Kosovo 2021 Report in the phytosanitary sector.

*Description of the main stakeholders*

The main beneficiary of area of support 1 of this action is Kosovo’s Ministry of Agriculture, Forestry and Rural Development, particularly its Rural Policy Department (Managing Authority in Kosovo’s Operating Structure) and
one of its agencies, namely the Agency for Development of Agriculture (Paying Agency under the Operating Structure). Other important beneficiaries are the beneficiaries of the grants to be awarded under the grant scheme foreseen.

**Area of support 2**

**Short problem analysis**

A key element in food supply chain management is the ability to provide assurances and guarantees to consumers with regards to quality and safety of the food products present on the market. This element also represents a prerequisite for developing exports of food products. The phytosanitary control falls under the Kosovo Institute of Agriculture’s responsibility. This institute is in need to build the capacity required for properly conducting controls of quality and phytosanitary inspections. In this context, the institute highly needs ISO certification of four of its laboratories.

A weak part of the chain assuring phytosanitary controls is the inspection system. It is planned that the Phytosanitary Inspectorate will be transferred to the Institute of Agriculture that falls under the authority of the Ministry of Agriculture, Forestry and Rural Development. The support provided under this action will improve the institute’s technical capacity and technology required for conducting inspection control and monitoring of plant health in line with the EU standards and practices.

**Description of the main stakeholders**

The Kosovo Institute of Agriculture is the main stakeholder under area of support 2 of this action. Other important stakeholders are the Ministry of Agriculture, Forestry and Rural Development’s Department of Vineyards and Wine, and the Kosovo Forestry Institute.

2.3 Relevance and complementarity with strategies supported by key stakeholders

The relevance of the action is confirmed by Kosovo’s **National Development Strategy 2016-2021**, which points out that the agriculture sector has a great potential to generate employment and reduce the trade deficit faced by Kosovo, underlining the need for improved farm structures, increased agro-processing capacities, as well as the need for an increased number of laboratory units to test the quality of private produce of seeds and improved phytosanitary standards. In particular, the grant scheme foreseen under the action will complement the assistance foreseen under Kosovo’s **Agriculture and Rural Development Programme 2021-2027** and be well aligned to its priorities.

Kosovo’s **Economic Reform Programme 2021-2023** considers agriculture sector as one of the “key priorities” addressed under the Reform measure No 3: “Structural changes in agriculture sector”, which foresees, among other things, to support increasing of the agricultural productivity and agro-rural restructuring, as well as development of the agri-food sector through improved competitiveness, innovation and increased productivity. Meanwhile, the **National Programme for Implementation of the Stabilisation and Association Agreement** foresees concrete measures for an improved implementation of the agriculture and rural development policy, which include strengthening of the Operating Structure involved in preparation, management and control of this policy, as well as a strengthened capacity of the Institute of Agriculture’s laboratories.

2.4 Relevance and complementarity with EU policy and EU and other donors’ assistance

The action foresees to improve significantly the competitiveness of the agri-food products on the EU and international markets and is therefore highly relevant under the **Stabilisation and Association Agreement** between the EU and Kosovo. “Agriculture, fisheries and food safety” is one of the seven thematic areas of this agreement whose article 102 underlines the importance of cooperation between “parties” in all priority areas related to the EU acquis in the field of agriculture, as well as on quality schemes for agricultural products and foodstuffs, food safety, veterinary and phytosanitary domains. The agreement also emphasizes that “the cooperation shall notably aim at modernising and restructuring the agriculture and agro-industrial sector in Kosovo, particularly to reach EU sanitary requirements, to improve water management and rural development as well as to develop the related aspects of the forestry sector in Kosovo and at supporting the gradual approximation of Kosovo legislation and practices to the EU acquis”.

The action addresses extensively the provisions of the Stabilisation and Association Agreement which foresees development of the capacities required for sound financial management of the agricultural policy, a sustainable development of the phytosanitary sector, as well as direct support to agri-food producers in order to develop, among other, their capacities to meet food safety, hygiene, animal welfare and environmental standards. Furthermore, the action and particularly the grant scheme foreseen under its area of support 1 will address as well as possible the
priorities underlined in the Guidelines for the implementation of the Green Agenda in the Western Balkans\(^1\), the EU Green Deal and its underlying Farm to Fork Strategy\(^2\) with a focus on climate action, protection of the natural wealth, fighting pollution of water and soil, and development of sustainable food systems and rural areas by significantly reducing the dependency, risk and use of chemical pesticides, as well as of fertilisers and antibiotics and developing innovative farming techniques that protect harvest from pests and diseases. Therefore, the action is expected to contribute as much as possible to achievements relevant in the context of the European Green Deal\(^3\), particularly in relation to development of agri-rural policies that prove socially, economically and environmentally sustainable, as well as in relation to securing a healthier and more sustainable food system.

To be noted also that the Western Balkans Strategy underlines that agriculture is one of the sectors with the greatest untapped employment potential in Kosovo, emphasising therefore the importance of agriculture in bringing social and economic development, particularly in rural areas.

2.5 Lessons learned and links with previous financial assistance

The action is expected to build effectively on the results of the previous achievements. In this regard, the experts involved in implementation of the action are expected to identify from the very first phase of implementation all previous, ongoing or planned projects/interventions that would have a relevance for this action. This will be done in close cooperation with the beneficiary institutions. The findings recommendations and results of the following two recent EU funded projects are the first ones to be considered in this context:

The IPA 2013 project “Further support to the Ministry of Agriculture, Forestry and Rural Development to strengthen administrative structure for implementation and monitoring of national and future EU funds” implemented during the period 2014-2017 upgraded the technical and administrative capacities of the Agriculture Development Agency in order to perform EU compliant administrative checks and controls for subsidies and to build capacity. One of the key deliverables of this project was the Independent Compliance Assessment\(^4\) highly relevant in the context of this action. Among other things, this assessment identified that a key area for future assistance should consider that “the Agency adheres to the principles of sound financial management (for example to enable the checking of potential conflict of interest between the applicant, bidders, and consultants; the creation of artificial conditions, and the potential for the artificial split or inflation of offers”.

The EU-financed mid-term evaluation of the Agriculture and Rural Development Programme 2014-2020 carried out recently points out issues emphasizing the fact that Operating Structure has not performed as expected. The programme was not implemented as originally foreseen, while the Paying Agency did not properly consider the procedures in place. The report emphasises that “the capacity for good governance that has been built with IPA assistance risks becoming diluted and lost” while the Agency for Development of Agriculture (Paying Agency) “has somehow further affected the clear demarcation of responsibilities between the management and the implementation of the Programme”. The recommendation of the report concludes that there is a need by the Operating Structure (Managing Authority and Paying Agency) to confirm and adhere to the procedural arrangements they are required to follow as set out in the Framework Agreements and Sectoral Agreement. The report confirms that further support to the Ministry of Agriculture, Forestry and Rural Development to strengthen the administrative structure for implementation and monitoring of the funds allocated to agriculture is needed.

3 DESCRIPTION OF THE ACTION

3.1 Planned results and intervention logic

**Overall Impact:** The overall impact of this action is to enhance the competitiveness of Kosovo’s agri-food sector.

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3. COM(2019) 640 final
4. The Independent Compliance Assessment was performed during the period 26 September 2016 – 31 October 2016. Its objective was to define the gaps to be filled by the Operating Structure for the achievement of the EC criteria for entrustment of budget implementation tasks for IPARD 2014-2020 as defined in Annex A “Functions and responsibilities of the structures, authorities and bodies in accordance with Article 10 of the IPA II Framework Agreement (FWA)”, Clause 4 – “The operating structure(s)”, of the FWA and in Annex 1 “Main functions of the internal control system” and Annex 2 “Internal control framework” of the Sectoral Agreement.
Area of support 1
Outcome 1: Improved implementation arrangements and performance of Kosovo’s agri-rural policy
Output 1.1 Strengthened capacities and improved operations and transparency of the Operating Structure (Managing Authority and Paying Agency) in charge with preparation, management, monitoring and evaluation of the agri-rural policy and its instruments
Output 1.2: Effective development of Kosovo’s agri-rural operators and rural areas, while generating employment, promoting gender equality, preserving the environment and tackling climate change

Area of support 2
Outcome 2: A sustainable phytosanitary sector aligned gradually to the EU organisational, institutional, and regulatory standards
Output 2.1: Regulatory framework in the phytosanitary sector comprehensively harmonised with the EU legislation
Output 2.2 Methods, operational procedures and technical capacities of the phytosanitary inspection services and plant protection laboratories are properly developed, in line with the applicable EU and international standards.

3.2 Indicative type of activities
The activities to be carried out under this action will take the form of technical assistance and investment grants under the area of support 1, while they will consist of technical assistance only under the area of support 2.

The sub-activities to be carried out under the technical assistance foreseen in the area of support 1 - Outcome 1 Improved implementation arrangements and performance of Kosovo’s agri-rural policy, will indicatively include:

- Gap analyses;
- Workload Analysis of the Operating Structure’s staff;
- Assessing the functionality of the Agriculture Information System in place;
- Capacity building, including training and coaching;
- Supporting revision/fine-tuning of the existing procedures, as well as preparation of the missing procedures;
- Involving the Operating Structure’s staff in designing and implementation (including monitoring) of the grant scheme foreseen under this action in view of providing them with on-the-job training for getting practical experience relevant for accomplishing their tasks within the Operating Structure for the policy area agriculture and rural development;
- Preparation and implementation of a grant scheme adopting environmental standards and green economy principles in the screening and prioritisation of projects;
- Development of an internal project manual;
- Supporting improvement of the written procedures for payments and accounting.

The particularities of the investment grants to be financed as well under the area of support 1 will be defined during implementation of this action, in line with the priority needs identified at the time of implementation and in complementarity with the agri-rural development programmes implemented under Kosovo’s Agriculture and Rural Development Programme 2021-2027.

The sub-activities to be carried out under the technical assistance foreseen in the area of support 2 - Outcome 2 A sustainable phytosanitary sector gradually aligned to the EU organisational, institutional and regulatory standards, will indicatively include:

- Certification of four existing laboratories to of ISO 15189 and ISO 17025 standards as recommended by the World Health Organization;
- Establishment of “mother plant” plots for producing “certified” propagation materials of “virus-tested” (or other relevant) categories;
- Promotion of a nursery association for the “mother plant” plot management;
- Organising a voluntary certification system of fruit propagation material according to EU standards.

3.3 Risks and assumptions

<table>
<thead>
<tr>
<th>Risks</th>
<th>Risk level (H/M/L)</th>
<th>Mitigating measures</th>
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<tbody>
<tr>
<td>The rapid increase in the staff of the Agency for Development of Agriculture and Kosovo</td>
<td>H</td>
<td>Provide capacity building measures in the early stages of project implementation</td>
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</table>
Institute of Agriculture would entail certain lack of competence

| High external and political influence in recruitment of new staff | H | Build and implement a sound human resources retention policy, involvement of donors in recruitment system |
| Work overload of the existing staff may hinder them in participating in extra capacity building activities | M | Reorganise staff and duties, arrange jointly capacity building activities |
| Lack of cooperation of relevant bodies to ensure food and feed security | M | Systematic reporting, create inter-ministerial working groups |

Assumptions (to be reflected in the Logical Framework Matrix above) – grouped by outputs and outcomes

An important assumption concerning Outcome 1 and Output 1.1. is that the recruitment of the new employees of the Operating Structure is based on a sound human resources selection and retention policy which would involve that qualified candidates are selected. In case of both outcomes and all outputs, it is essentially important that all the involved institutions in this proposal are willing and committed to contribute to a successful implementation of this action.

3.4 Mainstreaming (this section must be included in the taps of the financing agreement)

How does this Action contribute to Gender Equality and Women’s and Girls’ Empowerment (in line with the EU gender equality strategy 2020-2025)?

An approach of inclusion of a gender perspective will be followed throughout the implementation of this action. In Kosovo, equal participation of women in the agricultural sector remains problematic. Traditionally, men inherit property and family property, which has led women to own only 8% of all wealth. This action will take into consideration the gender equality objectives under all its activities. Effort will be made to ensure that these adequately respond to the needs and maximise the potential of women and men, girls and boys, in all their diversity. Specifically, the action shall work towards boosting women’s economic empowerment and ensuring equal opportunities in the labour market and giving both women and men the opportunity to lead and participate in all sectors of the economy.

The design of all programmes foreseen under the grant scheme will ensure that all grant projects financed under this action are going to promote gender equality. Gender equality will be considered in designing the capacity building programmes and all the other activities foreseen under both areas of support foreseen, as applicable.

How does this Action address Environment and Climate change?

The action will be linked with environment and climate change. In all activities, consideration will be given to promoting and supporting efficient energy and renewable energy investments, waste management, improved soil and water management by promoting agro-ecology and organic production reducing dependency on pesticides and antimicrobials, excess fertilisation, improving animal welfare and reversing biodiversity loss.

The design of all programmes foreseen under the grant scheme will ensure that all grant projects financed under this action are going to preserve the natural environment and address climate change challenges by adopting high-quality environmental standards and prioritising those interventions that pro-actively contribute to the environment. The support foreseen under area of support 1 of this action includes development of agri-environmental measures and supporting sustainable management of natural resources, while the developments foreseen under area of support 2 of the action (regarding phytosanitary sector) entail improvements in the natural environment.

How does this Action address the Rights Based Approach?

The implementing organisations, as well as the beneficiary institutions are committed to adherence to the key elements of a rights-based approach. The key elements in this context will be to ensure that the principles of Participation, Accountability, Non-discrimination, Transparency, and respect for Human dignity, Empowerment and Rule of Law, are adhered to during the implementation of the action. The approach will be inclusive in that the technical assistance provided will be available, accessible, acceptable and of a High Quality for all stakeholders and beneficiaries of the action.

How does this Action promote the systematic engagement with Civil Society?
The action will continue an already established dialogue with key stakeholders for the agriculture and rural development sector with the aim of planning support measures for the current and future Agriculture and Rural Development Programs. The stakeholders identified as relevant for the agricultural and rural sector include representatives of farmers/trade unions/associations, public authorities, non-governmental organisations, agriculture and forestry educational institutions, Local Action Groups and donor organisations. Where appropriate and necessary, stakeholders will be given the opportunity to express their viewpoint on the proposed strategic priorities and activities.

Others (such as Resilience and Conflict Sensitivity, Roma, people with disabilities and other vulnerable groups)
The action will provide equal and real opportunities to minorities and groups at risk, particularly under its area of support 1. Participation of these categories will be encouraged (e.g. through special information campaigns, special training sessions etc.). The documentary results of the action will be provided in Albanian and Serbian, while the official website(s) will publish the official documents in both Albanian and Serbian. Specific arrangements will be made for all activities to be implemented equally in minority areas. Certainly, during the course of this action, attention will be paid to the allocation of relevant activities across Kosovo, which will include populations from minorities, Roma, people with disabilities and other vulnerable groups.

3.5 Conditions for implementation
N/A
3.6 Logical Framework

<table>
<thead>
<tr>
<th>Results</th>
<th>Results chain:</th>
<th>Indicators</th>
<th>Baselines (year)</th>
<th>Targets (year)</th>
<th>Sources of data</th>
<th>Assumptions</th>
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<tbody>
<tr>
<td>Impact</td>
<td>Enhanced competitiveness of Kosovo’s agri-food sector</td>
<td>Contribution of agricultural sector to Gross Domestic Product (GDP)</td>
<td>8.1 (2019)</td>
<td>8.91 (2025)</td>
<td>Statistical reports of Kosovo Agency of Statistics, studies, other reports</td>
<td>Not applicable</td>
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<tr>
<td>Outcome 1</td>
<td>Improved implementation arrangements and performance of Kosovo’s agri-rural policy</td>
<td>Degree of compliance of the Kosovo’s Operating Structure (Managing Authority and Paying Agency) for policy area agriculture and rural development (procedures and operations) with the requirements set at EU level for a sound financial management and implementation of the agri-rural policy</td>
<td>0% (2019)</td>
<td>100% (2025)</td>
<td>Project Reports, Result Oriented Monitoring (ROM) Reports, Audit reports on implementation of agri-rural measures implemented under ARDP 2021-2027</td>
<td>All relevant institutions are willing and committed to timely secure participation of the human resources required for successful implementation of this action</td>
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<td>Outcome 2</td>
<td>A sustainable phytosanitary sector gradually aligned to the EU organisational, institutional and regulatory standards</td>
<td>Number of laboratories of the Ministry of Agriculture accredited in line with the relevant EU regulatory standards</td>
<td>0 (2019)</td>
<td>4 (2025)</td>
<td>Kosovo Food and Veterinary Agency Reports, Ministry of Agriculture’s Reports, Project Reports, Results Oriented Monitoring (ROM) Reports</td>
<td></td>
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<tr>
<td>Output 1 (related to outcome 1)</td>
<td>Sufficiently strengthened capacities and improved operations and transparency of the Operating Structure in charge with preparation, management, monitoring and evaluation of the agri-rural policy and its instruments (Managing)</td>
<td>Average percentage of the measures implemented by the Ministry of Agriculture under the annual programmes for agriculture and rural development, in line with the principles of a sound financial management applicable to EU expenditure</td>
<td>0% (2019)</td>
<td>100% (2025)</td>
<td>Project reports to be issued under this action, Results Oriented Monitoring Reports (ROM), Evaluation reports on the Agriculture and Rural Development Programme 2021-2027</td>
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<td><strong>Output 2 (related to outcome 1)</strong></td>
<td>Effective development of Kosovo’s agri-food operators and rural areas, while generating employment, promoting gender equality, preserving the environment and tackling climate change.</td>
<td>Percentage of the agri-rural operators which improved their productivity and/or quality of production, while generating employment securing gender equality, preserving the environment and tackling climate change, as result of the investment grants implemented under the area of support 1 of this action, disaggregated by gender (men and women)</td>
<td>0% (2019)</td>
<td>100% (2025)</td>
<td>Project Reports</td>
<td>Results Monitoring Reports (ROM) concerning this action</td>
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<tr>
<td><strong>Output 1 (related to outcome 2)</strong></td>
<td>Regulatory framework in the phytosanitary sector comprehensively harmonised with the EU legislation</td>
<td>Percentage of the laws and regulations awaiting adoption and/or implementation out of the total number of necessary laws and regulation identified as necessary in the phytosanitary area during the inception phase</td>
<td>0 (2019)</td>
<td>100% (2025)</td>
<td>Project Reports</td>
<td>Reports of the Italian Agency for Development Cooperation</td>
</tr>
<tr>
<td><strong>Output 2 (related to outcome 2)</strong></td>
<td>Methods, operational procedures and technical capacities of the phytosanitary inspection services and plant protection laboratories are properly developed, in line with the applicable EU and international standards</td>
<td>1. Percentage increase of official controls/tests compared to the level registered in the inception phase of the action 2. Percentage increase in the volume of controlled plant materials entering Kosovo and healthy propagated plant materials produced in Kosovo, compared to the calendar year 2019</td>
<td>0% (2019)</td>
<td>100% (2025)</td>
<td>Inspection report by Kosovo Food and Veterinary Agency</td>
<td>Border control and reports of Ministry of Agriculture</td>
</tr>
</tbody>
</table>

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4 IMPLEMENTATION ARRANGEMENTS

4.1. Financing agreement

In view of implementing this action, a Financing Agreement will be concluded with Kosovo.

4.2. Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.

4.2.1. Indirect management with [an] entrusted entity

A part of this action, namely area of support 1, may be implemented in indirect management with Gesellschaft für Internationale Zusammenarbeit (GIZ). The implementation by this entity entails tasks which will aim to improve the implementation arrangements and performance of Kosovo’s agri-rural policy.

The envisaged entity has been selected using the following criteria: reliability, operational capacity and access to expertise, as well as significant previous experience in the implementation of similar assistance in enlargement partners (e.g. in Albania).

This organisation will also contribute with EUR 700,000 to the financing of this action. This modality will contribute to improved implementation arrangements and performance of Kosovo’s agri-rural policy.

A part of this action, namely area of support 2, may be in indirect management with Italian Agency for Development Cooperation. The implementation by this entity entails tasks which will a sustainable phytosanitary sector gradually aligned to the EU organisational, institutional and regulatory standards.

The envisaged entity has been selected using the following criteria: reliability, operational capacity and access to expertise, as well as significant very good knowledge of the beneficiary institution (the Italian agency has already supported the Kosovo Institute of Agriculture). This organisation will also contribute with a co-financing of EUR 100,000.

This modality will contribute to a sustainable phytosanitary sector gradually aligned to the EU organisational, institutional and regulatory standards.

In case the envisaged entities mentioned above would need to be replaced, the Commission’s services may select a replacement entity using the same criteria given above.

4.2.2. Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

In exceptional circumstances and upon authorization of the European Commission, changes from indirect to direct management mode (and vice versa) are possible, as well as other changes in the management and procurement modes. In addition, in some unpredicted and emergency situations, with prior approval of the European Commission, support to unforeseen and ad hoc actions may also be possible.

4.3. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

4.4. Indicative budget

| EU contribution (amount in EUR) | Indicative third party contribution, in EUR |

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6 www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.
### Output 1 - Improved implementation arrangements and performance of Kosovo’s agri-rural policy

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget 1 (EUR)</th>
<th>Budget 2 (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect management with Gesellschaft für Internationale Zusammenarbeit (GIZ) – cf section 4.2.1</td>
<td>7 000 000</td>
<td>700 000</td>
</tr>
</tbody>
</table>

### Output 2 - A sustainable phytosanitary sector gradually aligned to the EU organisational, institutional and regulatory standards

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget 1 (EUR)</th>
<th>Budget 2 (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect management with Italian Agency for Development Cooperation – cf section 4.2.1</td>
<td>2 200 000</td>
<td>100 000</td>
</tr>
</tbody>
</table>

### Indirect management with entrusted entities under section 4.2.1.

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget 1 (EUR)</th>
<th>Budget 2 (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluation (cf. section 5.3)</td>
<td>will be covered by another decision</td>
<td>N.A.</td>
</tr>
<tr>
<td>Audit/Expenditure verification (cf. section 6)</td>
<td>will be covered by another decision</td>
<td>N.A.</td>
</tr>
<tr>
<td>Communication and visibility (cf. section 7)</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>Contingencies</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>Total</td>
<td>9 200 000</td>
<td>800 000</td>
</tr>
</tbody>
</table>

### 4.5. Organisational set-up and responsibilities

The main coordination role under the action will be held by the Ministry of Agriculture, Forestry and Rural Development, with involvement of the National IPA Coordinator in all phases of the action.

The assistance provided under both areas of support will be in detail designed by the implementing organisations in agreement with the Ministry of Agriculture, Forestry and Rural development and the European Commission represented by the EU Office in Kosovo – Cooperation Section.

### 5. PERFORMANCE/RESULTS MONITORING AND REPORTING

#### 5.1. Internal monitoring

The EU Office in Kosovo being Contacting Authority of the delegation agreements, will monitor the implementation through the periodical reports to be prepared by the implementing entities.

The monitoring will rely on the internal operational and financial monitoring and quality assurance systems of the two implementing organizations. The monitoring, among other things, will be focused also on the particularities of the action (for example the extent to which the grant projects generate jobs, promote gender equality, preserve the natural environment and address climate change issues or the improvements in the performance of the phytosanitary inspection services).

The implementing organisations are expected to promote a balanced representation and participation of men and women in the project activities. Disaggregation by gender should be considered in all project reports with regards to project deliverables, so that the reports provide clear indication regarding gender of the beneficiaries of the project activities, as applicable. This disaggregation by gender should be well reflected by the indicators considered and targets set for measuring the project performance, when applicable, and clearly indicated in the Logical Framework Matrix.

The verifiable performance indicators proposed initially might need to be reconsidered during the inception phase, in line with the actual circumstances regarding availability of relevant data and monitoring systems (to be in detail discussed and checked then by the implementing organizations and beneficiary institutions). If this will be the case, amendment of the Logframe might be necessary. Nevertheless, such change is subject of the EU Office’s approval. Specific means will be identified for effectively measuring the progress in implementation at all levels.

To be noted that Gesellschaft für Internationale Zusammenarbeit (GIZ) will implement biannual internal audit controls through the GIZ Office in Pristina on the compliance with the financial regulations and general rules and verify the
eligibility of expenditures claimed on invoices and in the financial reports for the action. In addition, in adherence to internal procedures GIZ will implement yearly financial audits through an assigned external audit company to provide information as required by the General Conditions of a Description of Action. These will be conducted in accordance with international standards issued by the International Federation of Accountants.

5.2. Roles & responsibilities for data collection, analysis & reporting

During the inception phase, the two implementing organisations involved in this action will establish, in cooperation with the beneficiaries and agreement of the Contracting Authority, the responsibility sharing and means used in collecting, processing and reporting of the relevant data. Ideally, the data collection system(s) established should comprehensively ensure at all stages timely availability of the information necessary for determining if the commitments made have been fulfilled (for example, with regards to gender equality, environment protection, job creation and climate change mitigation).

5.3. Evaluation

Having regard to the nature of the action or any of the areas of support, a mid-term or final evaluations will be carried out for this action or its areas of support via independent consultants contracted by the Commission or via an implementing partner. The evaluations will be carried out for learning purposes, in particular with respect to the nature of facilities and the nature of the interventions.

The Commission shall inform the implementing partner at least 1 (one) month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities. The evaluation reports shall be shared with the partner beneficiary and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner beneficiary, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

6. AUDIT

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing Decision.

7. COMMUNICATION AND VISIBILITY

Visibility of EU funding and communication about objectives and impact of Actions are a legal obligation for all Actions funded by the EU, as set out in the EU communication and visibility requirements in force. In particular, the recipients of EU funding shall acknowledge the origin of the EU funding and ensure its proper visibility by:

- providing a statement highlighting the support received from the EU in a visible manner on all documents and communication material relating to the implementation of the funds, including on an official website and social media accounts, where these exist; and
- promoting the actions and their results by providing coherent, effective and proportionate targeted information to multiple audiences, including the media.

Visibility and communication measures shall be implemented, as relevant, by the administrations (for instance, concerning the reforms linked to EU budget support), entrusted entities, contractors and grant beneficiaries. Appropriate contractual obligations shall be included, respectively, in financing agreements, delegation agreements, and procurement and grant contracts.

The measures shall be based on a specific Communication and Visibility Plan, established and implemented in line with the EU communication and visibility requirements in force. The plan shall include, inter alia, a communication
narrative and master messages for the Action, customised for the various target audiences (stakeholders, civil society, general public, etc.)

Visibility and communication measures specific to this action shall be complementary to the broader communication activities implemented directly by the European Commission services and/or the EU Delegations and Offices. The European Commission and the EU Delegations and Offices should be fully informed of the planning and implementation of the specific visibility and communication activities, notably with respect to the communication narrative and master messages.

8. SUSTAINABILITY

The action foresees to overcome bottlenecks that impede sustainable development of Kosovo’s agriculture and its alignment to the EU’s Common Agricultural. It foresees capacity building and institutional sustainability for the beneficiary institutions. A better trained staff of the Paying Agency and Managing Authority will secure a more effective implementation of the Agricultural and Rural Development Programme, as well as a more efficient and transparent implementation of development funds. A key factor for sustainability of the results achieved under this action is that they increase significantly the credibility and reliability of the beneficiary institutions, which are highly interested in keeping such achievements untainted.