

**2007 Project Fiche Kosovo
IPA centralised programme**

1. Basic information

1.1 CRIS Number:

1.2 Title: Meeting EU Standards Food Safety & Veterinary Services

1.3 Sector: 03.11

1.4 Location: Kosovo

Implementing arrangements:

1.5 Contracting Authority: The European Commission Office in Pristina.

1.6 Implementing Agency: The European Commission Office in Pristina.

1.7 Beneficiary Institutions:

Project activity/component	Beneficiary institution	Contact point responsible for project/activity coordination
Strengthening the Food Safety and Veterinary Service	Ministry of Agriculture, Forests and Rural Development (MAFRD); Kosovo Veterinary and Food Agency (KVFA)	Chief of Agriculture Policies, MAFRD

1.8 Overall cost: €2.0 million.

1.9 EU contribution: €2.0 million.

1.10 Final date for contracting

Three years after the signature of the financing agreement between the European Commission and the Kosovo Authorities.

1.11 Final date for execution of contracts

Two years after the final date for contracting.

1.12 Final date for disbursements:

One year after the final date for the execution of contracts.

2. Overall Objective and Project Purpose

2.1 Overall Objective:

Kosovo's institutions develop and implement sectoral policies and strategies that are compatible with European Standards (including gender, minorities and environmental standards), and which also enable Kosovo to effectively participate in regional initiatives.

2.2 Project purpose:

To enhance the commercial and export potential of the agro-business food chain in Kosovo through improving controls on animal health, food safety and quality, in line with EU standards and technical requirements.

2.3 Link with: European Partnership (and its action plan); SAp/STM

The *European Partnership* calls for Kosovo to:

- Continue the alignment of legislation on the EU veterinary and phytosanitary acquis.
- Prepare a programme for up-grading food processing establishments

Kosovo Progress Report 2006 states that ‘Some limited progress has been achieved in the veterinary area. The Veterinary Law provides for the establishment of the Kosovo veterinary and food agency as an executive body under the ministry of agriculture, with organisational units in the municipalities. Experts from the new agency have completed three administrative instructions, transposing EU legislation on the hygiene of food stuffs, on specific hygiene rules for food of animal origin, and on specific rules for the organisation of official controls on products of animal origin intended for human consumption.

2.4 Link with the Multi-Annual Indicative Planning Document (2007-09) for Kosovo (MIPD)

The “European Agenda” section of the MIPD focuses on the need for capacity building and Kosovo’s gradual approximation of legislation along with implementing measures in the context of European standards, including food safety, veterinary and phytosanitary standards.

The “Economic Requirements” section of the MIPD addresses wider socio-economic issues, including fiscal and financial management, improvement of investment climate, trade opportunities, and development of energy, environment, transport, agriculture, education and employment sectors. The document identifies the following priority which will be addressed by the project:

- ‘Promoting agriculture and rural development through support to the rural economy and the livelihood of the rural population, in line with priority measures identified in Kosovo’s Agriculture and Rural Development Plan 2007-13.’

2.5 Link with National Development Plan

The project links to the draft *Kosovo Development Strategy and Plan (KDSP) 2007-2013*. The KDSP and the MTEF incorporate the *Rural Development Plan (2007-2013)*, which follows EC Guidelines, and is aligning Kosovo with the current EU agriculture and rural development strategy.

2.6 Link with national/ sectoral investment plans

The proposed support to the Food and Veterinary Agency is in the line with the *Rural Development Plan (2007-2013)* approved by the Government in April 2007. This support will also reinforce implementation of the Food Law (currently being drafted by MAFRD), and the recently approved Law regulating packaging and labelling in conformity with EU standards. This support is also informed by MAFRD’s *Ten Year Livestock Strategy*.

The EC support for Kosovo’s public procurement system is in line with the *Strategy and Draft Action Plan for Public Administration Reform* which was approved by the Government in March 2007.

3. Description of project

3.1 Background and justification:

The agro-business chain in Kosovo suffers from: weak links from primary producers to processing and retail; low product quality; lack of control on food chains; and high production costs. These are some of the main reasons for low consumer confidence in locally

produced food products. In addition, Kosovo's access to regional markets is presently restricted due to food safety concerns.

Improving the overall quality of the Kosovo's food sector requires the effective application and implementation Kosovo wide of HACCP (Hazard Analysis Critical Control Points) procedures. HACCP is applicable to food processors (food industries) and food distributors (private shops, shopping centres). To ensure full quality control on the food processing and distribution chain, HACCP requires Product Traceability procedures. There is also a need to implement sustainable monitoring and surveillance programmes, including the use of epidemiological and monitoring data in food safety risk assessment. Additionally, the accreditation of laboratories is required to deliver reliable results for laboratory tests on animal health, food quality, and food safety.

Complementary actions are also required to target the remaining components of the food chain not covered by HACCP, namely at farm level. This requires the adoption of EUrepGAP¹ rules which promote quality at farm level. EUrepGAP is a private sector body that sets voluntary standards for the certification of agricultural products around the globe. The EUrepGAP protocol defines the quality elements of good agricultural practices, covering topics such as: Integrated Crop Management; Integrated Pest Control; Quality Management System; worker health, safety; welfare and environmental pollution; and conservation management. The application of EUrepGAP in Kosovo will bring the following benefits:

- Enhance the food safety and food safety management system
- Demonstrate commitment to producing / trading safe food
- Acceptance into the EUrepGAP community, as an accreditation of quality at farm level, will assist the implementation of quality standards in the production and distribution of fresh fruit and vegetables
- Increase the product safety and quality confidence of the consumers/customer

Improving food quality will also assist Kosovo in meeting some of the conditions inherent to the adoption of the Free Trade Agreement (Law 2002/6). This agreement establishes rules for free trade among the Balkan countries by abolishing custom duties on agricultural products thus enhancing competition. In order to face competition from FYR Macedonia and Bulgaria, the quality standards of Kosovo food products have to be improved.

The livestock sector faces heavy competition from more competitively priced imports. Kosovo needs to improve and intensify its production and breeding in order to compete, and to implement further measures aimed at improving controls on animal health. As stipulated in the Law on Livestock Production, the PISG is establishing the Kosovo Centre for Livestock Breeding (KCLB) within MAFRD's Department of Livestock Production. Until breeders' associations are in place, the KCLB is establishing a livestock pedigree database using the Kosovo Veterinary and Food Agency (KVFA) livestock Identification and Registration (I&R) system central database. When livestock breeders' associations are established and accredited, they will take over the management of the KCLB. The Standing Commission for Livestock Breeding (Art 9 Law on Livestock Production) provides policy advice to MAFRD using information from the KCLB. The MAFRD also needs to draft administrative instructions in related areas (livestock breeding strategy, artificial insemination (AI) regulation, statistical data recording, and livestock imports).

Other challenges facing the veterinary sector, to be addressed by this project, include:

- Veterinary legislation needs to be harmonised with EU legislation. The necessary sector specific (secondary) legislation should be drafted by veterinary legal experts.

¹ EUrepGAP: Euro-Retailer Produce Working Group Good Agriculture Practices

- There is secondary legislation for the use of veterinary drugs but there are no guidelines for the market authorisation of veterinary medicinal products.
- Surveillance and monitoring programs for animal diseases have to be performed according to OIE (World Organisation for Animal Health) standards, including the contingency planning for outbreaks of contagious diseases.
- Improving the veterinary public health control procedures will contribute significantly to food safety and quality.
- The awareness of animal welfare in the livestock sector needs to be upgraded.
- Until now there is no standard in treatment of waste of animal origin (dead animals and slaughter disposals).

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact

The project aims to build the capacity of MAFRD to develop, implement and monitor EU compatible food safety and food quality assurance standards across all elements of the food chain (production, processing and distribution). The expected impact is expected to be better quality Kosovo food products, thereby strengthening local consumer confidence and demand and expanding food exports to the neighbouring countries. This will contribute to Kosovo products being more competitive on the domestic and export markets. This will bring significant economic and cross-border benefits. The use of the Commission's Twinning instrument for the rural economy component of this project is expected to strengthen the sustainability of the EC assistance to Kosovo's institutions.

3.3 Results and measurable indicators:

Expected Results:

- a. Secondary legislation for monitoring and surveillance of animal diseases and for veterinary public health is drafted
- b. Certification guidelines and procedures for the veterinary laboratory are developed
- c. Veterinary surveillance and monitoring programmes for relevant animal diseases is EU and OIE compliant
- d. Guidelines developed for the market authorisation of veterinary medicinal products
- e. Status report on animal welfare in Kosovo is drafted.
- f. Status report is drafted on the situation regarding animal originated disposal material in Kosovo.
- g. Business plan is developed for a rendering plant and incineration in Kosovo, including transport, logistics and potential funding opportunities.
- h. Compliance guidelines for HACCP and EUrepGAP standards application and implementation are issued
- i. Training of HACCP procedures inspectors and EUrepGAP procedures implementators
- j. Awareness of HACCP, product traceability and EUrepGAP procedures raised among consumers.

Measurable indicators:

- a. Regulations and ministerial orders relating to the veterinary sector, in line with EU Orders and Directives
- b. Number of certified tests undertaken in the accredited Kosovo Veterinary Laboratory
- c. Veterinary surveillance and contingency planning approved (by DG Sanco/OIE)
- d. Instructions and manual for Veterinary Food Inspectors
- e. Status report on animal welfare and animal originated disposal material
- f. Business plan for a rendering plant in Kosovo
- g. Availability of a Kosovo HACCP Standards Handbook and EUrepGAP Implementation Guidelines together with application and enforcement procedures

- h. Number of HACCP and EUrepGAP certifications released, including number certifications released to companies headed by women or located in minority areas
- i. Number of complaints from Customers on food quality and food safety to (competent food) authority.

3.4 Activities:

2.1: Ensuring Kosovo veterinary legislation compliant with European veterinary legislation

- Review Kosovo veterinary legislation
- Propose amendments to veterinary legislation
- Develop secondary legislation for monitoring, surveillance and disease eradication
- Develop secondary legislation regarding veterinary public health
- Make the (new) legislation visible to the staff of KVFA and the livestock sector in Kosovo through seminars, workshops and an awareness campaign

2.2: Support to the accreditation of Kosovo Veterinary Laboratory

- Prepare the Kosovo (Governmental) Body for accreditation and certification of (veterinary) laboratory
- Set up of general accreditation guidelines and procedures for veterinary laboratory
- Selection of tests for certification and writing procedures and protocols
- Certification of the tests and accreditation of the Kosovo Veterinary Laboratory by external audit

2.3: Preparing a veterinary surveillance system and contingency plans for contagious diseases in place

- Review monitoring and surveillance system and existing contingency plans
- Adapt and develop surveillance system and contingency plans for relevant animal diseases
- Develop a disease notification system
- Train the veterinary network (staff of KVFA and licensed veterinarians) in monitoring, surveillance and disease eradication according to the plans
- Organise exercises in disease outbreaks

2.4: Ensuring food inspection in compliance with EU standards

- Prepare instructions for Veterinary Food Inspectors based on (new) secondary legislation for Veterinary Public Health
- Develop reporting system for Veterinary (food) Inspections
- Train Veterinary Inspectors in inspections and reporting
- Inform and motivate the food (of animal origin) processing chain (slaughterhouses, processing plants, shops, etc).
- Develop guidelines for the Committee for the Market Authorisation of Veterinary Medicinal Products

2.5: Building capacity to control animal welfare

- Investigate the situation in Kosovo regarding animal welfare
- Develop secondary legislation in animal welfare
- Organise a workshop or seminar about animal welfare with (representatives of) stakeholders
- Organise an awareness campaign about animal welfare

2.6: Preparing a feasibility study for a rendering plant

- Investigate the local situation regarding animal originated disposal material
- Define the inputs and possible outputs for rendering, including an incinerator
- Draft a business plan for a rendering plant in Kosovo including transports and logistics

- Identify potential international cooperation and investigate funding opportunities

2.7: Improving capacity of the food industry in meeting the EC standards in food safety

- Preparing a series of compliance guidelines for HACCP standards application and implementation to ensure the proper application and enforcement of safety standards in food production.
- Testing the application of HACCP standards, Product Traceability systems in selected agri-businesses/agro-processing companies, assisting the companies to develop HACPP plans, and monitoring their performances in the short-term. Specific attention will be given to also selecting companies run by women and ethnic minorities
- Training in such topics as general hygiene, HACCP, EU food legislation for Executive Officers, private quality managers and academic personnel.
- Organisation of an exhibition and conference on best food production practises bringing together suppliers and buyers, with the objective of promoting the collaboration among operators in the food sector.
- Increasing the awareness of consumers and the market operators on food safety and quality issues/concerns. Promotion activities will make use of the press, television, internet, seminars and workshops
- Following-up the dissemination of HACCP standards among food industries. This will include support to Kosovo's HACCP Enforcement Body, applying HACCP procedures in specific industries and monitoring their performances in the medium term.

Contracting arrangements

- The European Commission's Twinning instrument will be used for the implementation of this project.
- The Resident Twinning Advisor (RTA) should, in the course of the contract, draft ToRs for mobilising TAIEX for additional short service contracts a to complement the work of the Resident Twinning Advisor and the EU MS experts.

Project management and administration

The European Commission Office in Pristina will manage the procurement, implementation, quality control, reporting and coordination with other donors of the development assistance and of the financial and technical cooperation related to the actions described in this project fiche, taking remedial actions if and when needed. The European Agency for Reconstruction's operational centre in Pristina will assist the Commission Office in preparing for the initial implementation phase of this project through such actions as the drafting of project Terms of References and helping to prepare the IPA tender dossiers.

The Resident Twinning Advisor engaged through the contracts for this project will have the authority to run the project activities on a day-to-day basis under the supervision of the Commission Office. His/her primary responsibility shall be to ensure that the project produces the required outputs, to the required standards of quality and within the specified constraints of time and cost. The team leader and other will also address cross-cutting issues. A detailed description of the duties of the team leader and key experts will be elaborated in the Terms of Reference, in line with this project fiche.

Project Steering Committees will be responsible for the overall direction of the project and comprise of representatives from the beneficiary institutions and the Commission Office.

Monitoring will be performed centrally by the Commission. The project may be evaluated at the interim or ex-post stages under the supervision of Commission's Evaluation Unit. The project may be audited by Court of Auditors - in line with the standard European Commission procedures.

3.5 Conditionality and sequencing:

The Governmental Body or Agency for certification of HACCP Laboratories will be created under the new Food Law that is now under discussion in the Assembly and is expected to be approved by the end of 2007. The Agency/body will be responsible for issuing compliance guidelines for EUrepGAP standards and their implementation.

3.6 Linked activities

The project complements the actions of other donors in the sector:

- USAID Business Cluster Support project which aims to assist the development of small producers and agribusinesses.
- World Bank Business Environment Project (under preparation) which will have a component to support development of a land market in Kosovo.
- Sweden/SIDA and Norwegian support to the Kosovo Cadastral Agency
- Sweden/SIDA support for the development of a regulatory infrastructure for food safety and quality in southeast Europe.
- Swiss International Cooperation support in the dairy and horticulture sector.

The project also builds on previous EC assistance to the rural economy sector, including:

Name of project (Amount)	Start End	Activities/Results
Further institution building support to MAFRD (€2.0 million)	Jan 2007 Jan 2009	Support to the MAFRD (Ministry of Agriculture, Forestry and Rural Development) in the areas of: European integration and harmonization with the acquis, improving operational efficiency through human resources development and training, and policy development
Food Safety Control Agency (€1.5 million)	June 2005 June 2007	Assisted the establishment of the Food Safety Agency ; draft of the Food Law; supplied laboratory equipment and training.
Livestock Breeding (€1.6 million)	Jan 2007 Jan 2009	Building the institutional and management capacity of the Kosovo Centre for Livestock Breeding, including the development and implementation of strategies and plans for the development of the livestock sector.
Utilisation of Agriculture land; (€1.6 million)	Feb 2006 Feb 2008	Assistance to MAFRD in the development, implementation and enforcement of a regulatory framework - in line with EU best practice - to underpin the Law on Agricultural Land including regulations and procedures related to: land consolidation, land leasing, building and development control, environmental protection and land taxation.
Marketing Support Project (€2.0 million)	Dec 2005 Nov 2007	Establishing within the MAFRD a financially sustainable and practical system of collecting, processing and rapidly disseminating information on fruit, vegetable and livestock prices, quantities and qualities/breeds and using EU harmonised product codes. Assisting in upgrading fruit and vegetable and livestock markets to EU standards. Piloting farmer/buyer/processor linkages based on implementing an EU recognised certification/quality assurance scheme. Providing training and advisory support on specialist agri-marketing topics to farmers, traders, and processors. This project is also conducting a review of the agri-food sector which will inform the IPA 2007 project.

Agriculture Statistics and Policy Advisory Unit (€2.5 million)	Sept 2002 April 2006	The project improved the gathering and interpretation of statistics in collaboration with the Statistics Office of Kosovo on the rural economy, thereby setting a better basis for policy formulation.
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3.7 Lessons learned

- *Enforcement:* There has been large focus on establishing the legal frameworks in Kosovo. The capacity to enforce the law, however, has received insufficient attention. While legal reform has been advanced, law enforcement and implementation has not followed. This creates a widening gap between the formal legal situation and ‘on-the-ground’ practice. The capacity to enforce Food Safety standards is dependant on the fulfilment of technical factors, which will be directly addressed by this project.
- *Legal Reform:* Initial timelines for the adoption of legal instruments are not always honoured, leading to delays in implementation and causing difficulties in project implementation. Proposed legal instruments are commonly subject to significant (and late) change by the government and/or the Assembly of Kosovo prior to adoption. The delays in the adoption of laws and regulations continue to have significant impact on the planning and practical delivery of EC funded reform projects.

4. Indicative Budget (amounts in €million)

Activities	TOTAL COST	SOURCES OF FUNDING											
		EU CONTRIBUTION				NATIONAL PUBLIC CONTRIBUTION					PRIVATE		
		Total	% *	IB	INV	Total	% *	Central	Regional	IFIs	Total	% *	
Food Safety and Veterinary Service	2.0	2.0	100	2.0									

* expressed in % of the Total Cost

5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering (tender launch)	Signature of contract	Project Completion
Food Safety and Veterinary Service	Q2 2008	Q1 2009	Q1 2011

Q = quarter

6. Cross cutting issues

6.1 Equal Opportunity (gender mainstreaming)

Promoting a more diverse (gender and ethnic wise) workplace will be a strong element in strengthening the institutional capacity of the target institutions. The project will ensure mainstreaming of gender and minority issues both (i) within the target institutions and (ii) the outputs (services provided by these institutions):

- address the barriers in the workplace that prevent the achievement of gender equality and ethnic diversity; create a workplace culture supportive of gender equality and ethnic diversity to improve gender/ethnic balance within the organisation. Opening up new possibilities for minorities as well as opportunities for women to work in non-traditional areas will, in turn, contribute to change the policy, business and customer focus of these institutions.

- introduce concepts of equality and diversity in strategic planning and management, including the business case for equality and diversity so as to make the workforce more representative of/responsive to Kosovo customer base. A work culture that is respectful and accommodating of diversity will in turn contribute to the creation of a multi-ethnic food safety & veterinary service in Kosovo.

Terms of Reference will explicitly identify the project's intended effects /impact/ opportunities on/for women as well as minorities. Data systematically disaggregated by sex and ethnicity shall be produced to establish baseline and measure progress. Team of experts must possess relevant skills to ensure effective mainstreaming of gender equality and minorities inclusion/participation.

6.2 Environment

The application of European requirements to Kosovo includes measures on controlling pollution and enhancing environmental protection in the food sector

6.3 Minorities

The project will promote the participation of women in all the activities, specific attention will be given to also selecting companies run by women and ethnic minorities under activity 2.7

ANNEXES

- 1 Log frame in Standard Format
- 2 Amounts contracted and Disbursed per Quarter over the full duration of Programme

ANNEX 1: Logical framework matrix in standard format

Project Title: Meeting EU Standards Food Safety & Veterinary Services		Programme name and number	
Sector: European Standards		Contracting period: (see section 1.10)	Disbursement period : (see section 1.12)
		Total budget: €2.0 million	IPA budget: €2.0 million
Overall objective	Objectively verifiable indicators	Sources of Verification	
Kosovo's institutions develop and implement sectoral policies and strategies that are compatible with European Standards (including gender, minorities and environmental standards), and which also enable Kosovo to effectively participate in regional initiatives.	Food and agriculture exports to EU and the region Level of animal disease reported.	Statistics Office of Kosovo	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
To enhance the commercial and export potential of the agro-business food chain in Kosovo through improving controls on animal health, food safety and quality, in line with EU standards and technical requirements.	Livestock exports Quality standards adopted by Kosovo enterprises Level of consumer confidence in Kosovo food products.	Government strategies and action plans Conclusions of STM meetings; and Commission's regular progress report on Kosovo	Kosovo agri-business enterprises continue to have unfettered access to regional and EU markets Agri-business enterprises have access to credit
Results:	Objectively verifiable indicators	Sources of Verification	Assumptions
<ul style="list-style-type: none"> • Secondary legislation for monitoring and surveillance of animal diseases and for veterinary public health is drafted • Certification guidelines and procedures for the veterinary laboratory are developed • Veterinary surveillance and monitoring programmes for relevant animal diseases is EU and OIE compliant • Guidelines developed for the market authorisation of veterinary medicinal products • Status report on animal welfare in Kosovo is drafted. • Status report is drafted on the situation regarding animal originated disposal material in Kosovo. • Business plan is developed for a rendering plant and incineration in Kosovo, including transport, logistics and potential funding opportunities. • Compliance guidelines for HACCP and EUrepGAP standards application and implementation are issued • Training of HACCP procedures inspectors and EUrepGAP procedures implementators • Awareness of HACCP, product traceability and EUrepGAP procedures raised among consumers. 	<p>Number of HACCP and EUrepGAP certifications released, including number certifications released to companies headed by women or located in minority areas</p> <p>Number of complaints from Customers on food quality and food safety to (competent food) authority</p> <p>Number of certified tests undertaken in the accredited Kosovo Veterinary Laboratory</p> <p>Instructions and manual for Veterinary Food Inspectors</p> <p>Status report on animal welfare and animal originated disposal material</p> <p>Business plan for a rendering plant in Kosov</p> <p>Availability of a Kosovo HACCP Standards Handbook and EUrepGAP Implementation Guidelines together with application and enforcement procedures</p>	<p>Monitoring of the specific project outputs and monitoring reports</p> <p>Monitoring Project reports</p> <p>HACCP Standards Handbook</p>	<p>Ministry retains qualified and trained staff.</p> <p>Assembly of Kosovo approves new legislation within a reasonable time period</p> <p>Kosovo has access to investment funds to modernize the processing tools</p> <p>ARDP is adopted and ARDP policy guidelines implemented by the Kosovo municipalities in consultation with MAFRD</p> <p>Irrigation infrastructures are maintained and operated correctly</p> <p>Advisory services for farmers are funded and operated by qualified experts</p> <p>FSC committee meets periodically and further develop Kosovo Food Safety standards</p>
Activities	Means	Costs	Assumptions
<ul style="list-style-type: none"> • Ensuring Kosovo veterinary legislation compliant with European veterinary legislation • Support to the accreditation of Kosovo Veterinary Laboratory • Preparing a veterinary surveillance system and contingency plans for contagious diseases in place • Ensuring food inspection in compliance with EU standards • Building capacity to control animal welfare • Preparing a feasibility study for a rendering plant • Improving capacity of the food industry in meeting the 	The European Commission's Twinning instrument	€2.0 million	Beneficiary allocates sufficient staff for the project and provides office space

Pre conditions:

- The Governmental Body or Agency for certification of HACCP Laboratories will be created under the new Food Law that is now under discussion in the Assembly and is expected to be approved by the end of 2007. The Agency/body will be responsible for issuing compliance guidelines for EUrepGAP standards and their implementation.

ANNEX II: Indicative planning of the amounts (in EUR million) contracted and disbursed by quarter for the project (cumulated)

	2007	2008				2009				2010				2011			
Contracted	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Food Safety and Veterinary Service						2.0											
Cumulated Total						2.0											
Disbursed																	
Food Safety and Veterinary Service						1.0				0.5				0.5			
Cumulated Total						1.0				1.5				2.0			