

## Standard Summary Project Fiche – IPA centralised programme

### National Programme for Montenegro under the IPA Transition Assistance and Institution

#### Building Component for the years 2012 and 2013 - Part 2 (2013 allocation)

#### Project Fiche 3:

##### 1. Basic information

1.1 CRIS Number: 2013/25-020

1.2 Title: Strengthening Montenegrin agriculture with establishing Land Parcel Identification Systems

1.3 ELARG Statistical code: 2.11

1.4 Location: Montenegro

#### Implementing arrangements:

1.5 Contracting Authority: Delegation of the European Union to Montenegro

1.6 Implementing Agency: Delegation of the European Union to Montenegro

##### 1.7 Beneficiary (including details of the project manager)

The Ministry of Agriculture and Rural Development

Project manager to be nominated

Mr. Nemanja Katnić

Chief of the Cabinet/ SPO

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#### Financing:

1.8 Overall cost (VAT excluded) € 2.300.000, 00

1.9 EU contribution € 2.000.000, 00

1.10 Final date for contracting: 3 years following the date of conclusion of the Financing Agreement

1.11 Final date for execution of contracts: 3 years following the end date for contracting

##### 2. Overall Objectives and Project Purpose

###### 2.1 Overall Objective:

The overall objective of IPA sector support is the modernisation of agriculture and the development of a vibrant rural community together with achieving progress in the transposition of EU *acquis* and alignment with the Common Agriculture Policy. This project will strengthen the capacity of the Ministry of Agriculture and Rural Development (MARD) to get a clear picture of how much land in Montenegro is used for agricultural production and which cultures are grown on it and enabling MARD to control direct payments and other payments linked to area like agri-environmental payments, organic production more effectively and efficiently.

## **2.2 Project purpose:**

Strengthening the capacity of MARD by building and improving infrastructure through establishing and implementation of the Farm Register and LPIS.

1. To establish a fully functioning system for the Farm Register as a base for unique identification of agricultural producers, delivering relevant, accurate and timely information to agricultural market users and policy decision makers in Montenegro.
2. To establish a fully functioning system for the Land Parcel Identification, with use of GIS techniques based on spatial data provided from Real estate Administration of Montenegro.

## **2.3 Link with AP/NPAA/EP/SAA**

The European Council of December 2010 granted the status of candidate country to Montenegro. Accession negotiations with Montenegro were opened in June 2012. The Stabilisation and Association Agreement between Montenegro and the EU entered into force in May 2010.

Screening meetings for all negotiating chapters were completed at the end of June 2013. Opening benchmarks have been set for six chapters including agriculture and rural development; food safety, veterinary and phytosanitary policy.

The Stabilisation and Association Agreement (SAA) was signed on 15 October 2007 and entered into force on 1 May 2010. The project is in line with SAA, which stipulates as priority transposition of Community *acquis* in the field of agriculture, as well as veterinary and phytosanitary, modernising and restructuring the agriculture and agro-industrial sector, in particular to reach Community standards. Article 97 of SAA emphasises that cooperation between the EU and Montenegro should include the aim of modernising and restructuring the agriculture and agro-industrial sector, in particular to reach EC sanitary requirements, to improve water management and rural development.

Montenegro continued to broadly implement its obligations under the Stabilisation and Association Agreement (SAA). A Protocol to the SAA to take account of Croatia's accession to the EU has been agreed between the EU and Montenegro. The Protocol is currently under ratification and is being applied on a provisional basis from 1 July 2013. Regular political and economic dialogue between the EU and Montenegro has continued through the SAA structures. The Stabilisation and Association Council met in December 2012 and in June 2013 and various sub-committee meetings have been held since October 2012. Montenegro participates in the multilateral economic dialogue with the Commission and the EU Member States to prepare the country for participation in multilateral surveillance and economic policy coordination under the EU's Economic and Monetary Union.

The proposed project is also in line with the European Partnership , which identifies as a key priority the need to "Continue strengthening administrative capacity for agricultural and rural development policy formulation and implementation".

The Commission Opinion on Montenegro's application for membership of the European Union (COM(2010) 670) indicates that Montenegro will have to make considerable and sustained efforts to align with the EU

acquis and to implement it effectively in the medium term (..) in the field of agriculture and rural development. Considerable adjustments of the legal and institutional framework and significant strengthening of administrative and implementation capacities are needed in these areas.

The analytical report accompanying the Opinion (SEC(2010) 1334) stresses that Montenegro will have to strengthen its administrative capacity and focus preparations for managing the common agricultural policy (CAP) in particular with regards to the setting up of a paying agency and management and control systems such as an integrated administration and control system (IACS), and the capacity to implement rural development measures

According to Progress Report 2013 conclusion, there has been some progress as regards agriculture and rural development policy. The Agriculture and Rural Development national strategy needs to be prepared and additional capacity building is required to ensure future implementation of the IPA rural development programme. Overall, alignment with the acquis is at an early stage.

#### **2.4 Link with MIPD:**

The 2011-2013 MIPD includes agriculture and rural development as one of the main areas of cooperation. The document stipulates as a priority strengthening the administrative capacity in the sector of agriculture and rural development, including food safety, veterinary and phytosanitary issues, and focus preparations on setting up basic instruments and institutions for managing the CAP.

#### **2.5 Link with National Development Plan (Montenegro Development Directions 2013-2016)**

In the context of implementing the strategic objective of economic policy of Montenegro by the MDD, agriculture and rural development has been identified as one of the four development sectors.

According to the MDD, strategic documents for the area of agriculture and rural development will define long-term directions for the agricultural policy development aimed at overcoming the relevant problems. Core objectives for development of the agricultural and rural areas are:

- Secure an acceptable and stable supply of food by developing a competitive primary agricultural production;
  - Improve rural infrastructure and rural living conditions to provide an adequate standard of living;
  - Improve market efficiency and adapt to demanding standards based on the Community legislation (harmonization with the Acquis Communautaire);
  - Sustainable management of natural resources, nature conservation and protection of animals, as well as improvement of the product quality;
  - Improve the economic power of rural areas by developing new income potentials and diversification;
  - Improve planning, management and use of agricultural land, as well as reduce environmental impacts;
- and
- Alignment with the Common Agricultural Policy (CAP)

Implementation of development objectives and carrying out of the agricultural policy imply a need to continue with legislative reforms i.e. to further align the national legislation with the EU acquis, which will take place through amendments of existing laws and enabling regulations. In order for the agricultural policy to be implemented efficiently and in line with the EU principles, a harmonised system of implementation, control and monitoring will be established gradually.

Proposed measures In line with the above-mentioned, the development objectives may be achieved through:

1. Investments in primary agricultural and food-processing industry;

2. Investments for implementation of agricultural land policies (development, use and improving the agricultural land quality, expanding size of family agricultural holdings and preventing fragmentation of holdings);
3. Improvement and development of rural infrastructure and diversification of economic activities in rural areas;
4. Implementation of agricultural-environmental measures; and
5. Investments in education, research, and analytic activities.

Building a human capacity in the agricultural sector, including the rural development, comprises all involved institutions and will be concentrated on improving the knowledge in the field of the legal framework, as well as the overall administrative procedures, and funding of different investment measures.

Through implementation of this project MARD will contribute fulfilment of MDD, by aligning with the Acquis Communautaire and by institutional and human capacity building.

## **2.6 Link with national/ sectorial investment plans**

The project is linked to the National Programme for Integration 2008-2012 which defined specific short and medium term activities for strengthening the capacity of relevant institutions in the normative and institutional sense, compatibility of national legislation with the EU *acquis*.

The project is also in line with the Strategy of Development Food Production and Rural Areas (the Strategy)<sup>2</sup>. The primary objective of this strategy is to define the multifunctional role of agriculture and modernization of the state administration for the purpose of the realization of the strategic commitment of sustainable development. Also the objective is integration of Montenegro into the international community and taken on the European model and conception of agriculture. The Strategy addresses utilisation of the resources in a long-term sustainable manner, to ensuring stable and acceptable supply of food, adequate living standards for rural population. Comprehensive rural development together with preservation of traditional values of rural areas (adequate standards of living and rural development) affect on lasting increase in competitiveness of food producers in the local and foreign market (increase in competitiveness).

The Strategy outlines that key element in reform of agricultural policy is the gradual building of a system of integrated rural development policy that shall be harmonized with the EU principles. The policy is based on the three key areas of rural development: a) increase in competitiveness through various forms of support to agriculture and the processing industry; b) better management of land and environmental resources; c) broader rural development policy which provide the support (together with other programmes of the Government of Montenegro) for diversification of activities and better living for rural population<sup>1</sup>.

The National Programme for Food Production and Rural Areas Development for the period 2009 – 2013, which follows a development strategy for agriculture and rural areas is also focusing on the central role of agriculture, provides the basis for further major reforms and the legislative work required for modernising agriculture.

## **3. Description of project**

### **3.1 Background and justification**

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<sup>1</sup>Montenegro's Agriculture and European Union Agriculture and Rural Development Strategy, July 2006

Montenegro has a surface area of about 13,812 square kilometres with agricultural land accounting for 38% (516,067 hectares) of the total territory. The greatest share of agricultural land resources consists of pasture and grassland (88%; 454,138 hectares), which is used extensively. Covering a relatively small area and benefiting from a Mediterranean climate, Montenegro's agriculture is quite diversified — from growing olives and citrus fruits in the coastal region, through early season vegetables and tobacco in the central parts to extensive livestock breeding in the north. Agriculture is by far the largest activity of the rural population — more than 49,000 households obtain their income partly or entirely from agriculture. Food production and agriculture play an important role in Montenegro's economy, with the primary sector alone providing more than 10% of total Gross domestic product (GDP). Agricultural employment stood at 5.7% in 2012.

The main challenges for Montenegrin agriculture relate to increasing competitiveness and stronger integration within the food chain.

Montenegro's agricultural policy is based on the Law on Agriculture and Rural Development, adopted in 2009<sup>2</sup>. The Law sets the objectives of agriculture policy and provides the general framework for the development of and support to agriculture and rural areas, grouped under four main strands: market price, rural development policy, activities of public interest and social transfers to the rural population. In the field of market-price policy, the most important form of support to production are direct payments.

The MARD has prepared a final draft of Rulebook of Register of Agricultural Holdings. This rulebook prescribes the terms and conditions of enrollment, withdrawal, data changes, and guidance of the Register of Agricultural Holdings, terms and conditions of entry in the Register of Entities, a system for recording land use, application forms for enrollment, withdrawal and changing data on agricultural holdings in Register, attachments forms, documentation that must be enclosed with application for enrollment, withdrawal and changing data on agricultural holdings in Register, the way of keeping data in the Register, codes of agricultural crops and codes of agricultural land use. This Rulebook prescribes also the reference parcel for LPIS. It has been decided that the reference parcel should be a farmers block. A farmers block is a continuous piece of agricultural land with one type of land use as defined by the EU regulation (\* different land covers (arable, grassland, Permanent crops,...) and/or agricultural activities/uses (growing crops, raising livestock, set-aside,.. and soon EFA) combined in the eligibility of an aid scheme and cultivated by one agricultural holding. For each farmers block (called GUP) the following minimum information should be part of the LPIS data base:

- Unique identification number: ID GUP;
- Unique identification number of agricultural holding: IDBR;
- Local name (if applicable);
- Type of land cover and or agricultural activities/uses ;
- Area in m<sup>2</sup> (automatically measured by the software);
- Slope Inclination, orientation (exposure), and elevation;
- For perennial plants, data on perennial plantations and planting material;
- Geographical location with coordinates of points in the national coordinate reference system;
- The date and nature of the change;
- The date and nature of the fieldwork or inspection;
- The presence of landscape elements, less favoured area or other geographical and technical information necessary for LPIS
- Alphanumerical information about the yearly crops (data accesible through farm register).

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<sup>2</sup>Official Gazette of Montenegro", no. 56/09., 14.08.2009

With the decision to use the farmers block as reference parcel there is no need to digitise reference parcels by a sub-contractor. Instead the digitisation will be done by the trained staff members of the MARD and cooperating institutions directly with the farmers.

Montenegro has developed a strong well managed centralized state information infrastructure, at the same time the geodetic infrastructure is established which can be used for LPIS:

- digital ortho-photos covering the whole country. These photos have been made in 2010, with resolution 1:1,000. The plan is to use existing ortho-photo images until the system is up and running, which will be followed by an update of all ortho photos as part of this project.
- 80% of the country is covered by vectorized cadastral maps which will be used in the process for LPIS as auxiliary information only.
- The data from the agricultural census in 2010 will be used as auxiliary information especially for the identification of the workload registering the farmers and their parcels.

The hardware and the network will be physically installed at the premises of the Ministry for Information Society which will also be responsible for its maintenance. The required security level and back up will be guaranteed by the Ministry for Information Society. The maintenance of the software however will be the responsibility of the MARD.

The real estate administration is going to share the existing geo-data (ortho-photos, digital cadastral maps, other spatial information) with the MARD based on a protocol and following the concept of the EU INSPIRE. Also the MARD will share the geo-data of LPIS once established with other interested institutions for example the Ministry of Environment.

Trough MIDAS project MARD has gained knowledge and documents regarding necessary registers in agriculture. WB expert has prepared draft of hardware and software specifications for Farm register and draft strategy of development of IT system. During the preparation of these documents Real estate Agency, Ministry of informational society, MONSTAT, Advisory services, Veterinary directorate, Phytosanitary directorate and all relevant departments within the MARD were involved. Future LPIS system will be compatible and linked with the Farm register. Implementation of Farm register will start as a phase I of this project and during phase II, assessment of needs for LPIS the linkage between Farm register and LPIS will be design and established.

The farm register, its link with the animal register and the LPIS are core elements of the Integrated Administration and Control System (IACS). Although the current agricultural policy of Montenegro is not aligned with the EU CAP and a fully functioning IACS is only required with the date of accession, the implementation of these elements will be an important milestone allowing the MARD and cooperating institutions as well as the farmers to avail of these core elements by using it already for the administration and control of current and future national payments. These elements will allow a more effective and efficient control of the payments. Errors in the applications can be identified very easily and the data can be corrected in a step by step manner. Once the systems are in place, the data capture can be managed fully in line with the capacities of the MARD.

. The data collected through the Farm register and LPIS will help to define and to shape agricultural policies in the future. With the overall picture of agricultural producers as well as their holdings, MARD will have a clear overview of what direction the agricultural sector is going and also what sectors within the agriculture need more support for development.

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

The main impact of the project relates to increased capacity and improved control mechanisms of MARD to have proper management of national and EU funds, better control of payments in agriculture and to bring better information for policy design. Such a regulated and transparent system is a precondition for obtaining EU incentives for agricultural production. This system will increase the competitiveness of the Agricultural and Rural Development sector of Montenegro.

The project will develop a Farm Register and Land Parcels Identification System (LPIS) as an integrated part of future Integrated administration and control system. LPIS will be established and operational covering all territory of Montenegro, providing detailed and accurate data on all land parcels, ownership and or tenancy. The information provided by LPIS will be linked to the Farm registers being established as the cornerstone of the IACS.

The main objective of this project is to have a fully functioning system to register farms including a link to the animal register and parcels including additional geo-graphical layers in place. A substantial number of farms and parcels should be registered as a result of this project giving proof that the system is fully operational. The data input and its maintenance is the responsibility of the MARD and it is seen as an on-going process. The output will strongly depend on the available capacities at central and regional level.

Through this project MARD plans to cover a core of agricultural holdings with graphic identification and with actual data on land use to enable the MARD to be fully assured of the functionality of established LPIS.

The availability of a fully functional LPIS will provide important information about the actual land cover and land use. It can also play an important role for the administration and control of agri-environmental payments as part of IPA rural development funds. The Montenegro capacity to implement, control and monitor effects of the policy measures based on availability of reliable and accurate information obtained through application of EU harmonized methodologies and working practices will be in line with EU best practices and applied and managed in a uniform manner across the whole country.

Formulation and application of direct payments will be standardized with EU systems and become more effective with improved management control and monitoring of effectiveness. Development of a more efficient support system would encourage longer term sector development and efficiency, leading to increased opportunity for employment and improved income generation in rural areas.

Availability of accurate and reliable information will enable government agencies and donors alike to begin to develop coordinated sectorial development plans that reflect the situation "on the ground".

### **3.3 Result and measurable indicators:**

**Result 1 (co-financed by national authorities):** Full scale Farm Register designed, tested and operational in compliance with EU requirements

*Indicator:*

- Farm register software developed, tested and fully operational allowing the registration and maintenance of the entire farm population in Montenegro based on a web-based application accessible through a network
- Link between the farm register and the animal register established and operational.
- Staff members on central level trained and able to maintain the system
- Staff members on central and regional level trained to enter and update the data
- System tested by sufficient number of (minimum of 1000) farms registered (estimated by software designer) whereof 30 % should be also animal holders
- Procedure manual for the system and detailed instructions for its maintenance and use elaborated

**Result 2:** Strengthened institutional capacity of the relevant authorities towards alignment to the Common Agricultural Policy and support to implement the farm register and a fully functioning Land parcel identification system in compliance with EU requirements.

*Indicator:*

- Terms of Reference for the LPIS software, hardware and network elaborated
- Quality checks for the deliveries performed
- Supply contracts implemented as foreseen
- Legal basis for the farm registry and LPIS and its procedure manuals for the data input and update elaborated
- Unit established on central level of the MARD for the farm register and LPIS
- Training material for the use of the farm register and LPIS developed
- Staff members on central and local level for the data input and maintenance identified and trained
- Strategy for the use of the systems for the national payment schemes elaborated including a time schedule for the finalisation of the data including a need assessment
- Concept for the multi-functional use of LPIS established covering olive-GIS and vineyard register
- Information campaign implemented
- Sufficient number of farms (a minimum of 2000 farmers ) and their parcels registered as result of the project (number estimated by a technical assistance expert).
- Quality checks in the field for the data.

**Result 3:** LPIS designed, tested and operational in compliance with EU requirements

- Hardware for the needs of LPIS delivered, installed and fully functioning
- LPIS software designed, tested and fully operational including its link to the farm register and covering already all GIS modules typically integrated in a complete LPIS (for example layer for the wine register, olive GIS, on-spot-control results, results for Control with Remote Sensing)
- Staff members on central level trained and able to maintain the system
- Staff members on central and regional level trained to enter and update the data
- System tested by a sufficient number of farms (a minimum of 2000 farmers) and their parcels registered (number estimated by a technical assistance expert).
- LPIS quality assurance framework (LPISQA) is applied, staff trained for quality inspection
- Procedure manual for the system and detailed instructions for its maintenance and use elaborated
- Ortho-photos for the entire territory of Montenegro in the quality and format required for its use in LPIS delivered and checked (when the system is tested).

### **3.4 Activities**

In order to achieve the above-mentioned objective and result, the activities of the project will be organized in 3 groups.

**Activity 1(co-financed by national authorities):: Establishment of hardware and software infrastructure for Farm register (this activity is covered by national funding, as a part of coo financing in this project)**

- Installation of purchased hardware
- Testing of hardware
- Installation of software
- Testing and improving of software
- Training of staff of MARD to maintain and use the system
- Launching of software

**Activity 2: Technical assistance for the full implementation of the farm register and LPIS**



- Strategic assessment and development of the approach for LPIS establishment in Montenegro (legal framework, assessment of existing infrastructure of MARD, MIDT and Real estate Agency)
- Establishment of LPIS unit within the Ministry
- Development of technical specification for hardware, software and the network compatible with Farm Register
- Performing quality checks for all deliveries
- Supporting the MARD in the supervision of the contract implementation
- Supporting the MARD in establishing a unit on central level of the MARD for the farm register and LPIS
- Provision of training material for the use of the farm register and LPIS
- Implementation of trainings for the staff members on central and local level for the data input and maintenance
- Elaboration of a strategy for the use of the systems for the national payment schemes including a time schedule for the finalisation of the data including a need assessment
- Elaboration of a concept for the multi-functional use of LPIS established covering olive-GIS and vineyard register
- Implementation of an Information campaign on farm register and LPIS
- Registration of a sufficient number of (a minimum of 2000 farmers) farms and their parcels
- Check of the data quality by field visits for at least 200 data sets.

### **Activity 3: Establishment of hardware and software infrastructure for LPIS**

- Installation of purchased hardware
- Testing of hardware
- Development and installation of software and all basic data layers
- Quality control of ortho-photos and other geo-data layers to be used
- Testing and improving of software
- LPIS quality assurance framework (LPISQA) is applied, staff trained for quality inspection
- Training of staff of MARD on the functioning and maintenance of the entire system
- Launching of the software
- Maintaining the system and provision of a help desk
- Provision of digital ortho-photos (geo-referenced) for Montenegro covering the entire territory fulfilling the criteria for LPIS and which can be directly used by the LPIS.

### **3.5 Conditionality and sequencing:**

Before contracting, the project has to meet the following conditions:

1. Adequate facilities for hardware and software;
2. Contractor receiving the permission to take ortho-photos and to process them also abroad
3. Established Inter-institutional coordination
4. Database department staffed in accordance to minimum requirements;
5. Efforts towards retention of staff in overall public sector administration in order to ensure institutional memory and sustainable capacity building throughout the process of reforms and development.

### **3.6 Linked activities**

The MARD and Database Department has received assistance through EU technical assistance - TAIEX and MIDAS Project (WB). Assistance from IPA 2008 and currently the on-going assistance from an IPA 2011 twinning project in close collaboration with MIDAS (WB) project helps to adjusting the domestic agricultural policy to the principles of the EU CAP, reform institutions and build expertise to implement rural development policy and manage pre-accession assistance under IPARD.

*Development and Implementation of an Animal Identification and Registration System Initiative* was a package of projects, funded by CARDS (2003-2006) to the amount of € 1.7 million, and aimed at the introduction of a food safety control system in line with EU requirements enabling full traceability of all animal movements ("stable-to-table" approach). Funds were provided for the establishment of the IT system, supply of ear tags and pliers, purchase of vehicles and equipment needed for the smooth operation of the Animal Identification and Registration System. The established animal identification and veterinary surveillance system provides animal health and veterinary public health information on live animals up to the point of slaughter. This network should be further linked to the food safety network to provide complete farm-to-table traceability. The second phase of the "Animal Identification & Registration Initiative", which was funded by IPA 2007, with the amount of € 1.4 million, ensured further actions to extend animal identification to small ruminants and develop a veterinary information system.

*IPA 2008 "Support to Establishing of an IPARD System in Montenegro"* (Feb, 2010 – Oct. 2011) with a budget mil. €1.8. The overall project objective was to strengthen the rural development policy with regard to the SAA and to harmonize the legislation with the European Union. Project has provided a strategic and legal framework to MARD with a view to implementing the rural development policy with regard to requirements arising from the requests for pre-accession assistance (IPARD).

*MIDAS (WB) Project Montenegro Institutional Development and Agriculture Strengthening Project* (MIDAS (June 2009- June 2014)) World Bank loan amounting to mil. € 11 and GEF Grant- mil.\$ 4 and national co-financing of mil. € 2,95. The Project development objective is to improve the delivery of Government assistance for sustainable agriculture and rural development in a manner consistent with the EU pre-accession requirements. Key outcome indicators are: (i) MARD capacity to disburse and track the use of rural development funds and to evaluate their impact in line with EU IPARD requirements; (ii) EU IPARD compatible rural development measures fully integrated in MARD support programs; and (iii) a food safety system upgraded in an EU compliant manner.

The Database Department of MARD has been involved in the implementation of MIDAS Component 2: Strengthening the MARD administrative and management capacity in accordance with EU pre-accession requirements. Through that component MARD has gained knowledge and documents regarding necessary registers in agriculture. WB expert has prepared first draft of hardware and software specifications for Farm register and draft strategy of development of IT system.

*Organic Agriculture Development Project supported by Danish Government* (Jan.'09 - Dec. 2011) amounting to mil. € 2 aims to support the development of organic agriculture and consumption of organic products at the domestic market, through the tourism sector and export of organic products. The Programme's strategy covers the whole organic food production chain.

*IPA 2011 "Strengthening the Capacity to Implement Rural Development Programme under IPARD"* (expecting period May 2012 – October 2014)"

This project with a budget mil. € 1 aims to strengthen the capacity of IPARD Operating Structures to implement IPARD Programme in efficient and effective manner and to increase the competitiveness of the Agricultural and Rural Development sector of Montenegro.

The main results of this Twinning projects are:

- Manuals of procedures (MoP) of the Managing Authority, IPARD Agency, National Fund, NAO are aligned with IPARD accreditation criteria (as laid down in the Sectoral Agreement for Component V), following lessons learned, experience and recommendations of the auditors after implementation of National IPARD like schemes;
- IPARD Agency, Managing Authority and NF staff conversant with Manual of Procedures and with sufficient practical experience, gained through implementation of National IPARD like schemes to properly manage IPARD

- Technical bodies and extension services expertise strengthened as regards implementation of the IPARD assistance
- "IPARD Like" type of grant schemes are successfully implemented in compliance with IPARD requirements (national service, twinning, national schemes with MIDAS funds, IPA grant scheme and private contributions)
- Accreditation package for Conferral of management power is submitted to EU
- Awareness on IPARD Programme increased

EuropAid/130907/C/SER/Multi "INSPIRATION – Spatial Data Infrastructure in the Western Balkan"

- The project aims at introducing/establishing the INSPIRE directive in the West Balkan Region paying special attention to stakeholders engagement and to the infrastructural approach in handling spatial information

### **3.7 Lessons learned**

Experiences with implemented project in agriculture and rural development and experience in making policy and implementing agrobudget show importance of establishing LPIS system. Establishing of this system is crucial for strategic and policy making.

The goal is to get a clear picture of how much land in Montenegro is used for agricultural production and which cultures are grown on it. Such a regulated and transparent system is a precondition for obtaining EU incentives for agricultural production.

4.

Indicative Budget (amounts in €)

			Total exp. Re	SOURCES OF FUNDING								
				IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION			PRIVATE CONTRIBUTION			
ACTIVITIES	IB	INV	EUR (a)=(b)+(c)+(d)	EUR (b)	%	Total EUR (c)=(x)+(y)+(z)	%	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	%
Supply Contract (Activity 1) (co-financed by national authorities):	X		300.000	0		300.000	100					
Service Contract (Activity 2)	X		850.000	850.000	100							
Supply Contract (Activity 3)	X		1.150.000	1.150.000	100							
<b>TOTAL PROJECT</b>			2.300.000	2.000.000	<b>86,95%</b>	300.000	<b>13,05%</b>					

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

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract (Activity 1) (co-financed by national authorities):	Q1 2014	Q2 2014	Q3 2015
Contract (Activity 2)	Q2 2014	Q3 2014	Q4 2016
Contract (Activity 3)	Q1 2015	Q2 2015	Q4 2016

## 6. Cross cutting issues

N/A

### 6.1 Equal Opportunity

N/A

### 6.2 Environment

The project will not have any negative environmental effects.

### 6.3 Minorities

N/A

## ANNEXES

1 - Logical framework matrix in standard format

2 - Amounts contracted and disbursed per quarter over the full duration of the programme

3 - Description of Institutional Framework, Reference to laws, regulations and strategic documents, National Support Schemes

4 - Details per EU funded contract

□ANNEX I- Log frame in Standard Format

<b>Project Logframe</b>	Programme name and number: <b>Strengthening Montenegrin agriculture through IPARD like measures</b>	
	<b>Contracting period expires</b> <b>31.08.2016</b>	<b>Disbursement period expires</b> <b>31.12.2016</b>
	Total budget: €2.300,000	IPA budget: €2.000,000

<b>Overall objective</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	
The overall objective of IPA sector support is the modernisation of agriculture and the development of a vibrant rural community together with achieving progress in the transposition of EU <i>acquis</i> and alignment with the Common Agriculture Policy. This project will strengthen the capacity of the MARD to get a clear picture of how much land in Montenegro is used for agricultural production and which cultures are grown on it and enabling MARD to have better control of payments in agriculture and to facilitate improved policy design.	New datasets with precision data  Better source of inputs for policy decision	National statistics data  EC reports on Montenegro  Reports of international agencies  MARD annually report  Project reports	
<b>Project purpose</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
Strengthening the capacity of MARD by building and improving infrastructure through establishing and implementation of the Farm Register and LPIS. 1. To establish a fully functioning system for the Farm Register as a base for unique identification of agricultural producers, delivering relevant, accurate and timely information to agricultural market users and policy decision makers in Montenegro ( <u>co-financed by national authorities</u> ). 2. To establish a fully functioning system for the Land Parcel Identification, with use of GIS techniques based on spatial data provided from	Successfully established Farm register and LPIS	MARD database  EC reports on Montenegro  Project reports  Existing and documented information systems	MARD new organization approved. Adequate resources made available to staff and to guarantee operations of the public instruments for Rural Development. Government commitment to Rural Development

Real estate Administration of Montenegro.			
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Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<p><b>Result 1</b>(co-financed by national authorities): Full scale Farm Register designed, tested and operational in compliance with EU requirements</p>	<p>-Farm register software developed, tested and fully operational allowing the registration and maintenance of the entire farm population in Montenegro based on a web-based application accessible through a network</p> <p>-Link between the farm register and the animal register established and operational.</p> <p>-Staff members on central level trained and able to maintain the system</p> <p>-Staff members on central and regional level trained to enter and update the data</p> <p>-System tested by sufficient number of farms registered (estimated by software designer) whereof 30 % should be also animal holders</p> <p>-Procedure manual for the system and detailed instructions for its maintenance and use</p>	<p>MARD database</p> <p>EC reports on Montenegro</p> <p>Project reports</p> <p>Operational, accessible and documented information system</p>	<p>Sufficient motivated and high calibre staff can be identified by MARD and units at local level;</p> <p>MARD resources remain available to support Farm register;</p> <p>Supportive legislation in place;</p> <p>Timely implementation of the tendering procedure;</p> <p>Good co-operation between institutions involved in project implementation;</p> <p>Farmers are receptive to Farm register data collection needs.</p>

	elaborated		
<b>Result 2:</b> Strengthened institutional capacity of the relevant authorities towards alignment to the Common Agricultural Policy and support to implement the farm register and a fully functioning Land parcel identification system in compliance with EU requirements.	<ul style="list-style-type: none"> <li>-Terms of Reference for the LPIS software, hardware and network elaborated</li> <li>-Quality checks for the deliveries performed</li> <li>-Supply contracts implemented as foreseen</li> <li>-Legal basis for the farm registry and LPIS and its procedure manuals for the data input and update elaborated</li> <li>-Unit on central level of the MARD for the farm register and LPIS established</li> <li>-Training material for the use of the farm register and LPIS established</li> <li>-Staff members on central and local level for the data input and maintenance identified and trained</li> <li>-Strategy for the use of the systems for the national payment schemes elaborated including a time schedule for the finalisation of the data including a need assessment</li> <li>-Concept for the multi-functional use of LPIS</li> </ul>	<ul style="list-style-type: none"> <li>MARD database</li> <li>EC reports on Montenegro</li> <li>Project reports</li> <li>Operational, accessible and documented information system</li> </ul>	<ul style="list-style-type: none"> <li>Sufficient motivated and high calibre staff can be identified by MARD and units at local level;</li> <li>Montenegro Government resources remain available to support LPIS;</li> <li>Supportive legislation in place;</li> <li>Farm registers designed and implemented for selected areas;</li> <li>Timely implementation of the tendering procedure;</li> <li>Good co-operation between institutions involved in project implementation;</li> <li>Ortho-photos and cartographic layers available and accessible;</li> <li>Farmers are receptive to LPIS data collection needs.</li> </ul>



	<p>established covering olive-GIS and vineyard register</p> <ul style="list-style-type: none"> <li>-Information campaign implemented</li> <li>-Sufficient number of farms and their parcels registered as result of the project (number estimated by a technical assistance expert).</li> <li>-Quality checks in the field for the data.</li> </ul>		
<p><b><u>-Result 3: LPIS designed, tested and operational in compliance with EU requirements</u></b></p>	<ul style="list-style-type: none"> <li>-Hardware for the needs of LPIS delivered, installed and fully functioning</li> <li>-LPIS software designed, tested and fully operational including its link to the farm register and covering already all GIS modules typically integrated in a complete LPIS (for example layer for the wine register, olive GIS, on-spot-control results, results for CwRS)</li> <li>-Staff members on central level trained and able to maintain the system</li> <li>-Staff members on central and regional level trained to enter and update the data</li> <li>-System tested by a sufficient number of farms</li> </ul>	<p>MARD database</p> <p>EC reports on Montenegro</p> <p>Project reports</p> <p>Operational, accessible and documented information system</p>	<p>Sufficient motivated and high calibre staff can be identified by MARD and units at local level;</p> <p>Montenegro Government resources remain available to support LPIS;</p> <p>Supportive legislation in place;</p> <p>Farm registers designed and implemented for selected areas;</p> <p>Timely implementation of the tendering procedure;</p> <p>Good co-operation between institutions involved in project implementation;</p> <p>Ortho-photos and cartographic layers available and accessible;</p> <p>Farmers are receptive to LPIS data collection needs.</p>

	<p>and their parcels registered (number estimated by a technical assistance expert).</p> <p>-LPIS quality assurance framework (LPISQA) is applied, staff trained for quality inspection</p> <p>-Procedure manual for the system and detailed instructions for its maintenance and use elaborated</p> <p>-Ortho-photos for the entire territory of Montenegro in the quality and format required for its use in LPIS delivered when the system is tested.</p>		
<b>Activities</b>	<b>Means</b>	<b>Costs</b>	<b>Assumptions</b>
See section 3.4 of the PF	<p>Supply contract 1 (farm register hardware and software): 300.000 EUR</p> <p>Service contract 1 (TA for legal harmonisation, terms of reference for LPIS, quality control, training and information campaign): 850.000 EUR</p> <p>Supply contract 2 (LPIS hardware, software and orthophotos): 1.150.000 EUR</p>	<p>Investment (supply) 300.000 € national funds</p> <p>Investment (supply) mil 1.15 € from IPA 2013</p> <p>Service contract 850.000 € from IPA 2013</p>	<ul style="list-style-type: none"> <li>•Availability of ortho-photos and land registration and/or cadastral data.</li> <li>•Sufficient budget funds for staffing and operational costs.</li> <li>•The trained staff will stay in the relevant posts.</li> <li>•Longer term government support and finance.</li> </ul>

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**ANNEX II: Amounts contracted and disbursed per quarter over the full duration of the programme (€)**

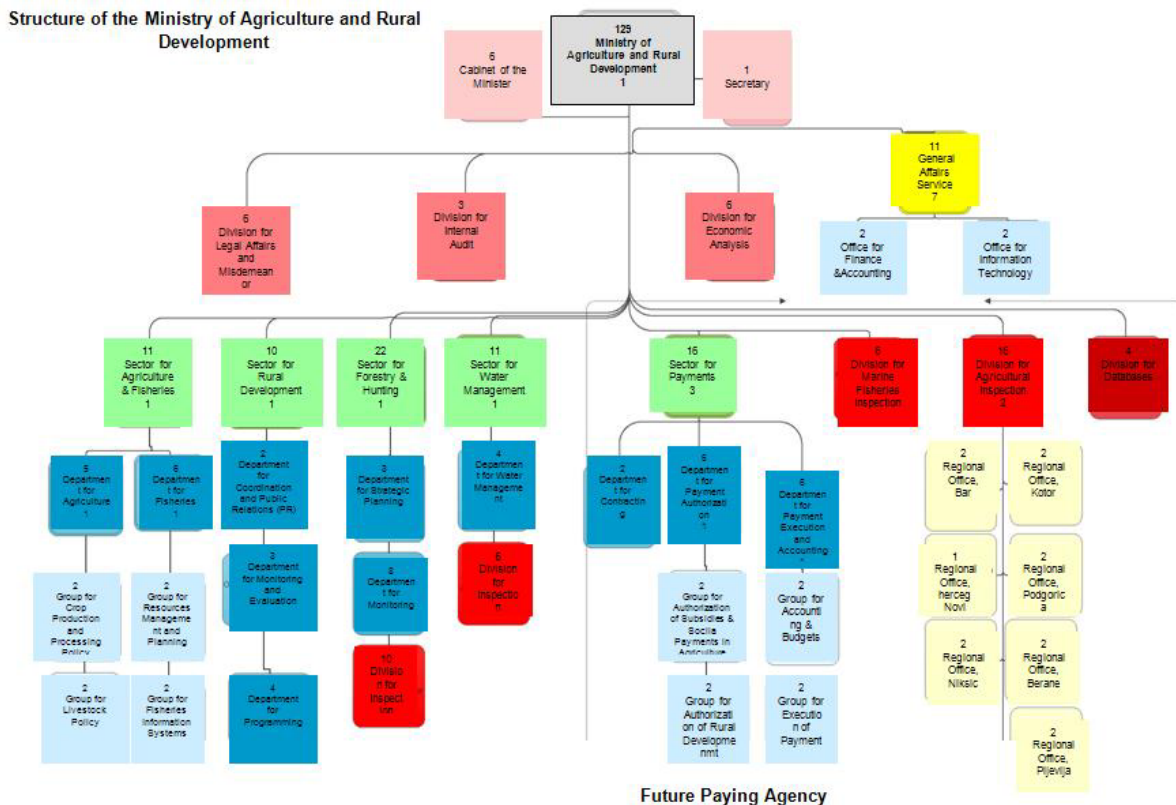
<b>Contracted</b>	<b>Q2/ 2014</b>	<b>Q3/ 2014</b>	<b>Q4/ 2014</b>	<b>Q1/ 2015</b>	<b>Q2/ 2015</b>	<b>Q3/ 2015</b>
Contract (Activity 1) <u>(co-financed by national authorities)</u> :	300.000					
Contract (Activity 2)		850.000				
Contract (Activity 3)					1.150.000	
<b>Disbursed</b>	<b>Q4/ 2014</b>	<b>Q3/ 2015</b>	<b>Q1/ 2016</b>	<b>Q2/ 2016</b>	<b>Q3/ 2016</b>	<b>Q4/ 2016</b>
Contract (Activity 1)		300.000				
Contract (Activity 2)						850.000
Contract (Activity 3)					600.000	550.000

## ANNEX III: Description of Institutional Framework, Reference to laws, regulations and strategic documents

### Institutional Framework

#### Employment structure of MARD

Ministry of agriculture and rural development, from the beginning of 2013 has made a significant institutional improvement in order to be ready for IPARD. Department for database is stuffed with two employees. Ministry is in the process of adopting the new organizational chart and as soon as it is adopted it will be sent to EU.



Other employees are working in the area of economic and general affairs of the MARD. The Minister has a Deputy for Agriculture and Agro-industry, Payments, Forestry, Water Management and Rural Development and 3 advisors for the following areas: economy, law and veterinary.

Livestock selection service and Extension Service in plant production are present in 7 municipalities and currently have at least 42 employees.

### Reference to laws, regulations and strategic documents

#### National Regulations:

- Law on Agriculture and Rural Development (Official Gazette No. 56/09);
- Law on public administration (Official Gazette No. 38/03; 22/08 and 42/11);
- Law on Civil Servants and State employees (Official Gazette No. 39/11);
- Law on Budget of Montenegro for current year (Official Gazette No. 66/12);
- Law on Public Internal Financial Control System (Official Gazette No. 73/08 and 20/11);
- Law on General Administrative Procedure (Official Gazette No. 60/03 and 30/11);
- Law on obligations (Official Gazette No. 47/08);
- Decree on Organization and Method of Operation of State Administration (Official Gazette No. 5/12);

- Program for Agriculture and Rural Development of Montenegro under IPARD 2013.
- Guidelines on the form of treasury operations (Official Gazette 80/08);

### **EU Regulations:**

- Council Regulation (EC) No. 73/2009 establishing common rules for direct support schemes for farmers under the Common Agricultural Policy and establishing certain support schemes for farmers, amending Regulations (EC) No. 1290/2005, (EC) No. 378/2007 and repealing Regulation (EC) No. 1782/2003, and
- Commission Regulation (EC) No. 1122/2009 laying down detailed rules for the implementation of Council Regulation (EC) No. 73/2009 as regards cross-compliance, modulation and the integrated administration and control system, under the direct support schemes for farmers provided for that Regulation, as well as for the implementation of Council Regulation (EC) No. 1234/2007 as regards cross-compliance under the support scheme provided for the wine sector

### **IPA Regulations**

- Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre- Accession Assistance ( IPA)
- Corrigendum to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre- Accession Assistance ( IPA) (OJ L 210, 31.7.2006)
- Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council regulation (EC) No 1085/2006 establishing an Instrument for Pre- Accession Assistance ( IPA)

### **Budget regulations:**

- Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities
- Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities
- Corrigendum to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ( OJ L 248 of 16.9.2002)
- Corrigendum to the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No1605/2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 375, 31.12.2002)

### **Rural Development and Structural fund Regulations:**

- Council Regulation (EC) No 1290 of 21 June 2005 on financing the common agriculture policy
- Council Regulation (EC) No 1698 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)
- Commission Regulation (EC) No 883 of 21 June 2006 laying down detailed rules for the application of the Council Regulation (EC) No1290/2005 as regards keeping of accounts by the paying agencies, declarations of expenditures and revenue and the conditions for reimbursing expenditures under the EAGF and EAFRD
- Commission Regulation(EC) No 885 of 21 June 2006 laying down detailed rules for the application of the Council Regulation (EC) No1290/2005 as regards accreditation of paying agencies and other bodies and the clearance of the account of the EAGF and of the EAFRD
- Council Regulation (EC) 1083/2006 of 11 July 2006 laying down of general provisions of European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999
- The Council Regulation (EC) No 1198 of 27 July 2006 on the European Fishery Fund
- Commission Regulation (EC) No 1481/2006 of 6 September 2006 laying down form and content of the accounting information to be submitted to the Commission for the purpose of the clearance of the accounts of the EAGF and EAFRD as well as for monitoring and forecasting purpose

- Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out the rules for the implementation of Council Regulation (EC) 1083/2006 laying down of general provisions of European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No1080/2006 of the European Parliament and of the Council of the European Regional Development Fund
- Corrigendum to the Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out the rules for the implementation of Council Regulation (EC) 1083/2006 laying down of general provisions of European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No1080/2006 of the European Parliament and of the Council of the European Regional Development Fund (OJ L 371, 27.12.2006)
- Commission Regulation (EC) No 1974/2006 of 15 December 2006 laying down detailed rules for the application of Council Regulation (EC) No 1698/2005 on support of rural development by the European Agriculture Fund for Rural Development (EAFRD)
- Commission Regulation (EC) No 1975/2006 of 7 December 2006 laying down detailed rules for implementation of the Council Regulation (EC) No 1698/2005 as regards the implementation of control procedures as well cross-compliance in respect of rural development support measures
- Council Regulation (EC) No1944/2006 of 19 December 2006 amending Regulation (EC) No 1698/2005 on support of rural development by the European Agriculture Fund for Rural Development (EAFRD)
- Commission Regulation (EC) No 1848/2006 of 14 December 2006 concerning irregularities and the recovery of sums wrongly paid in connection with the financing of the common agricultural policy and the organisation of an information system in this field and repealing Council Regulation (EEC) No 595/91.

#### ANNEX IV: Details per EU funded contract

1.The main provision regarding software and hardware for Farm register are as following (supply contract EUR 300.000) (co-financed by national authorities):

- Purchase and installation of hardware (servers, storage and backup systems, scanners, printers, work stations, etc.)
- Purchase and installation of software (operational system software for servers and work stations, data base, application software for register, etc.)
- Testing of purchased hardware and software
- Training of staff

2.The main provisions regarding Technical assistance for the full implementation of the farm register and LPIS (Service contract EUR 850.000):

- Pool of experts according to the contract

3.The main provision regarding establishment of hardware and software infrastructure for LPIS (supply contract EUR 1.150.000):

- Purchase and installation of hardware (servers, storage and backup systems, scanners, plotters, printers, work stations, GPS devices, ect.)
- Purchase and installation of software (operational system software for servers and work stations, data base, application software for LPIS, GIS software for server and work stations, ect.)
- Testing of purchased hardware and software
- Training of staff
- Provision of digital ortho-photos (geo-referenced) for Montenegro covering the entire territory fulfilling the criteria for LPIS and which can be directly used by the LPIS.