

2011 Annual Programme Agriculture and Rural Development Support : 08-2011/2
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1. Basic information

- 1.1 CRIS number: 2011/022-939
 1.2 Title: Agriculture and rural development support
 1.3 ELARG statistical code: 02.11
 1.4 Location: Kosovo*

Implementing arrangements

- 1.5 Contracting authority: European Commission Liaison Office to Kosovo
 1.6 Implementing agency: European Commission Liaison Office to Kosovo
 1.7 Beneficiary:

Project activity/component	Beneficiary institution	Contact point responsible for activity coordination
Rural Development Grants	The Ministry of Agriculture, Forestry and Rural Development	Mr. Kapllan Halimi – Acting Permanent Secretary Tel. (038) / 200 38 404 or 211 118 Email: kapllan.halimi@gmail.com

Financing

- 1.8 Overall cost (VAT excluded): EUR 6.5 million
 1.9 EU contribution: EUR 4.5 million
 1.10 Final date for contracting: 3 years after signing the financing agreement
 1.11 Final date for execution of contracts: 2 years following the final date for contracting
 1.12 Final date for disbursements: 1 year after the final date for execution of contracts

2. Overall Objective and Project Purpose

2.1. Overall Objective:

To improve the economic development of the rural areas and to stimulate the economic growth of the agricultural sector in Kosovo

2.2. Project purpose:

To improve processing and marketing, hygiene, quality and food safety standards and environmental protection in the dairy, meat fruit and vegetable processing industry in order to strengthen the competitiveness of the agricultural and rural development sector, increase market share and consumer confidence into local products.

* Under UNSCR 1244/1999.

2.3. Link with AP/NPAA / EP/ SAA:

The project makes a specific reference to the priorities identified in the *European Partnership* including:

- Design and start implementing a rural development policy.

Kosovo Progress Report 2010 states that: "The Ministry has started to implement the National Agricultural and Rural Development Plan for 2009-2013. It introduced a scheme consisting of coupled payments to farmers, in the sectors of cereals and livestock, plus assistance for the dairy, fruit and vegetables sectors at farm level. To this end, a Payment Unit was established in the Ministry, responsible for receiving and assessing applications for national assistance, actual payment and checks on the spot, although selection of the beneficiaries requires further improvement and is hampered by the lack of a farm register and unclear property titles. Overall, Kosovo has made limited legislative progress in the area of agriculture and food safety. Whilst the legal framework needs to be updated, the main challenges facing Kosovo lie in implementation of laws and strategies, as the administrative capacity in various institutions remain weak, and human resources are not used in most efficient way."

2.4. Link with MIPD:

The following strategic objective as stated in the MIPD 2011 - 2013, which are addressed with the current Project in particular focus on private sector development and to support Kosovo's efforts to improve its business environment, to attract investment, stimulate growth and to ensure that Kosovo's socio-economic development can continue. In agriculture and food safety, the EU will continue to help Kosovo meet EU standards and therefore develop its export potential / import substitution potential whilst also helping Kosovo's rural economy. More details are provided in annex 4 of the project fiche.

2.5. Link with National Development Plan

This program proposal is in line with the Medium Term Expenditure Framework 2011-2013 and its specific mission and its main goals for agriculture specifically actions Enhance productivity of farms and their competitiveness through: increased revenues of farms and improvement of quality of work and life in rural areas, improve their competitiveness, reduce import and increase export of agriculture products and create opportunities for employment in rural areas, particularly through diversifying rural activities; align Kosovo's agriculture to EU agriculture. More details are provided in annex 4 of the project fiche.

2.6. Link with national/ sectoral investment plans

Further to the Medium Term Expenditure Framework 2011-2013, the total KCB budget for the agricultural sector has been increased and in 2008 has reached EUR 8.6 million, which is about 32% higher than in 2007. Most of the increase in spending for this sector is in capital outlays due to inclusion of new projects identified in Rural and Agricultural Development Plan 2009-13.

3. Description of project

3.1 Background and justification:

Of the total of 1.1 million hectares in Kosovo, 53% is agriculture land and 41% is forests. Agriculture is an important economic sector, which provides for most employment in the post-war Kosovo. Agriculture in Kosovo features small farms, low productivity and lack of consultancy services, but in spite of that accounts for 25% of Kosovo's GDP, 25% to 30% of the total employment, mainly in the informal sector and constitutes around 16% of the total export value. Around 60% of the population in Kosovo lives in rural areas. The agriculture sector will maintain an important role in providing

employment opportunities and income generation for people living in rural areas. Agriculture and rural areas of Kosovo have been plagued by major challenges, which in turn, created uncertainty in terms of sustainable economic development, employment generation and creation of welfare for its people despite the fact that these areas have favourable agricultural conditions and important resources, a precondition for rural development and agriculture.

Rural development grants

To enhance its agriculture output and improve its competitiveness, the Ministry of Agriculture, Forestry and Rural Development in 2009 involved 15,000 farmers in its support structure through grants and subsidies in support of various projects for establishing new vineyards, greenhouses for vegetable production, support to dairies, subsidy schemes for small animals and wheat producers, support to Local Action Groups and grants scheme for processing facilities with the support of the EU. This support had a positive impact in guiding farmers towards improving the quality of products, implementing production practices in line with EU standards and improving skills for sustainable farm management. These investments aimed at creating a favourable environment for development of the agricultural and rural development sector in Kosovo and bring it closer to meet EU requirements.

The Ministry of Agriculture, Forestry and Rural development with the support of IPA 2008 twinning project updated the Agriculture and Rural Development Plan (ARDP), which contained limited number of priority sub-sectoral measures. Currently the Ministry of Agriculture, Forestry and Rural Development (MAFRD) is implementing a grant scheme with national funds.

The project aims to support the development and modernization of priority sub-sectors of agriculture. This is in line with the national Agriculture and Rural development plan 2009 – 2013, specifically Measure 4. The scope of the current project is simple and clear and will involve a limited number of well targeted investments as components of the grant scheme in order to ensure successful implementation and results. Financial contribution from the private partners - farmers, processing industry (between 20- 25%) will be requested for the purpose of the grants provision.

The current project is a follow up of the implementation of the IPA 2009 grant scheme. In order to manage the grant scheme effectively, the institutional capacities of MAFRD have been adjusted for the purpose and strengthened. An EU grant implementation committee was established by the Managing Authority of the MAFRD in order to ensure proper implementation of 13 awarded grant contracts by executing on-the-spot controls and report to the ECLO (the Contracting Authority). The Kosovo Food and Veterinary Agency (KFVA) also participates in the implementation committee to make sure that the agro-food establishments upgrade their facilities according to the categorisation findings and adopted hygiene package. Both IPA 2010 twinning projects for the MAFRD and KFVA will support both institutions to actively participate in the implementation of well targeted measures in priority sub-sectors of agriculture by providing a valuable input, know-how and experience in the field of implementing grant schemes according to EU requirements. The IPA 2010 twinning projects will be complementary to the grant scheme and will aid in choosing targeted investments for implementation selected based on the sectoral analysis conducted as well as on the results of the mid-term evaluation of the ARDP 2009 - 2013.

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

The project is expected to deliver a significant impact in rural areas in respect to improvement of physical infrastructure in primary production and the processing sector, upgrade of the product quality and diversification of rural activities.

The funding projects (grants) which support the specific opportunities for economic regeneration in the rural areas and there is a greater chance to achieve sustainable impact in terms of jobs and increase in income of farmers and industry.

Further more the project will assist in creating and maintaining market structures based on firm relations of land ownership which are favourable for the development of efficient agriculture.

3.3 Results and measurable indicators:

Expected results:

- Agro food establishment upgraded and modernized to comply with EU food safety standards and requirements of three sub-sectors of agriculture
- The ARDP, food safety standards and hygiene package requirements are being implemented
- Improved farm competitiveness on the domestic market via successful implementation of priority measures identified in the ARDP.
- Grants are disbursed for priority measures.

Measurable indicators:

- National Development Programme is prepared and is being implemented via national and EU grant scheme;
- Agricultural Rural Development Plan updated
- At least two priority sub-sectors are identified and agreed by MAFRD
- Priority measures selected and pilot projects launched for funding
- Number of sub-grants provided for farmers
- Number of jobs created via the schemes supported.

3.4 Activities:

Activity 1- (Contract 1.1 and Contract1.2)

The project will be implemented via grant scheme. Based on the input of the IPA 2010 twinning projects, aiming at conducting a mid-term programme evaluation on the impact and effectiveness of investments in agriculture in the past years, the MAFRD will be ready to participate in the implementation of well targeted measures in priority sub-sectors of agriculture. With the assistance of the twinning projects, MAFRD, KVFA and civil society representatives, the components and guidelines of the calls for proposals will be prepared with sub-measure working group. Therefore, MAFRD and KVFA, with overall coordination and supervision from ECLO, the assistance from TAIEX and with support of the IPA 2010 twinning projects will engage in operating, monitoring and evaluation of the grant scheme. Visibility and public awareness campaigns will be also conducted.

The Project aims at both increasing the economic livelihood in rural areas and to strengthen the capacity of MAFRD to be ready to deal with IPARD funds once available.

Contracting arrangements

The Project will be implemented via a Grant scheme. The Grant scheme will run for 2 years.

Parallel co-financing (Contract 1.2) will be provided by the Kosovo Consolidated Budget to the project. The government of Kosovo has allocated EUR 2 million for rural development projects from 2011 budget. Through this project will be provided additional grants for the farmers and rural enterprises for acceptable investment in key sectors identified in agriculture and rural development plan 2010-13. In MAFRD programme measure 2 will be exclusively financed that include Green houses, Orchard and viticulture Livestock/ production of milk, infrastructure for eggs production and some equipment related to measure mentioned.

3.5 Conditionality and sequencing:

The project includes the following conditionality:

- Availability of staff at MAFRD
- Availability of national financing for the implementation of direct payments and RD scheme
- Availability of MAFRD budgetary provisions
- Availability of co-financing
- Strong political will to implement the project
- Timely preparation of legislation
- Good cooperation among the different stakeholders concerned in the implementation of the action
- Respect of responsibilities and obligations of the parties concerned.
- Endorsement by all key stakeholders of the Calls for Proposals,
- Participation by the beneficiary in the tender process as per EU regulations.

In the event that conditionalities are not met, the EC Liaison Office to Kosovo reserves the right to suspend or cancel the Project.

3.6 Linked activities:

Since 1999 over EUR 70 million of EC assistance (including investment, training, management support and technical assistance, and institutional support) has been provided for the development of agricultural sector in Kosovo. The table below summarises the past EC assistance relevant to this project:

Name of project (Amount EUR million)	Start End	Activities/Results
KS 10 IB AG 01	September 2011 – September 2013	This Project will include mid term review and appraisal of the Agricultural rural development plan of Kosovo as well as an analysis/ verification of ARDP priorities against the socio-economic needs. Recommendations on improvements/correction of programming and implementation of the ARDP will be provided along with input for the update/preparation of priority measure fiches, guidelines, manuals and procedures are prepared for the implementation of the ARDP further to the findings of the mid-term evaluation. Update of the procedural rules, guidelines and instructions for the operation of the ARDP implementing institutions will be also carried out. The monitoring and evaluation system would need to be elaborated including definition of indicators. The project will also cover training, public awareness seminars, internships and workshop for reinforcing the capacity of the national administrative structures to carry out programming, monitoring and financial management of the national rural development grant programme in accordance with EU financial management rules and standards and for strengthening the role and participation in the sector of civil society, farms' association, local action groups and producers' organisations in the programming and implementation of the latter. In addition the project will provide assistance in assessing the existing agricultural information system components, update of the farm register, land register, market information system and FADN. A comprehensive IT strategy, including cost estimates and needs assessment based on the IT concept developed by the IPA 2008 twinning project, will be produced for the establishment of monitoring and evaluation programme of ARDP

KS 10 IB AG 02	September 2011 – September 2013	Further assistance to the Kosovo Food and Veterinary Agency in building up an integrated food, veterinary and phytosanitary control system and support to Food Business Operators in implementation of EU certified safety and quality practices.
World Bank project	2011-2016	<p>Agriculture and Rural Development Project (KADP)</p> <p>Component 1. project would finance the delivery of rural advisory services through three contracts with private or non-government organizations in order to support farm operators with the preparation of high quality, fundable investment plans for the following: (i) Livestock Production; (ii) Horticulture Sector; and (iii) Agro-processing and Diversification for LAGs, Associations, Rural Enterprises and Municipal Advisors.</p> <p>Component 2. , it was reconfirmed that the project would help build the capacity of the Managing Authority and Paying Unit through training of existing staff, initially hiring of additional twenty-six staff (as consultants until they can be absorbed as civil servants, at local civil servant salary levels, expected to occur in 2014) to fill the staffing gap as well as providing equipment, training and recurrent costs. Additionally, it would finance rural development grants for measures 2 (rehabilitating physical potential) and 4 (agro-processing and marketing) ranging in value between €30,000 and €200,000, with 50% or more beneficiary co-financing.</p>
DANIDA project	2011-2016	<p>Support to Agricultural Development in Kosovo</p> <p>Priority is given to modernise Kosovo's agricultural production through targeted support to the Ministry of Agriculture, Forestry and Rural Development's (MAFRD) national Agriculture and Rural Development Plan (ARDP) which is based on EU's standards with the medium-term view of preparing Kosovo for EU's agricultural standards (including environment, food safety, animal welfare etc.) as well as IPARD funds with the long-term view of EU membership.</p>
KS 08 IB AG 01	January 2009 – June 2011	<p>It will consist of conducting a gap analysis of the general organisation, functions and activity of the MAFRD and existing agricultural and forestry support mechanisms. Furthermore the twinning project will assist the MAFRD in the defining of programme of sectoral alignment and conduct of policy formulation and appraisal. A respective needs assessment in terms of MAFRD readiness for implementation of legislation and the corresponding human resource needs will be also prepared. Additional assistance will be provided to MAFRD through the project by the preparation of an Action Plan for setting up the ground for gradual establishment of the implementing institutions and instruments of the future IPARD Component and the ARDP 2007-2013. This will be realised through working groups sessions, study visit and in-country training sessions. A grant scheme of rural development measures to be implemented under the IPA 2009 project and measures available under ARDP 2007-2013 will be used as a pilot exercise to be implemented by the newly developed and strengthened designated implementing institutions.</p>
Local Development Strategies (LDS).	May 2007 – May 2009	<p>The project started in, to support communities at municipality level in preparing and implementing local development strategies including: (i) supporting all 30 municipalities in the preparation of local community development strategies and the formation of</p>

		Local Action Groups (LAGs); (ii) implementation of sustainable market linkages programmes identified in the local community development strategy with an aim to improving the quality of rural life, support by TA given to farmers and farmers' groups by MAFRD Rural Advisory Support Service (RASS); and (iv) better land use management and monitoring in all municipalities
Institutional Support to Ministry of Agriculture Forestry and Rural Development (ISMAFRD)	February 2007 – January 2009	To provide further strengthening to MAFRD by: (i) supporting the EU integration process and law of approximation and harmonisation; (ii) making MAFRD more efficient through human resources development and training; (iii) supporting agricultural policy, and development of agricultural statistics and the farm accounting data network (FADN) and; (iv) developing budget management skills to faceplate access to IPA financial resources
Support to the Kosovo Centre for Livestock Breeding (KCLB)	December 2006- January 2009	To improve the quality and productivity of the livestock sector through capacity building and development/implementation of livestock policy. The project specifically is to; (i) support and strengthen the institutional, legal and management framework of the KCLB; (ii) develop a livestock pedigree database (herd book) from information generated by previous EAR supported projects i.e. KVFA & SPUVESEK 3 and MAFRD; (iii) organise through MAFRD/Rural Development Advisory Services (RDAS) department the dissemination of selected livestock performance, analysis results and breeding advice to livestock breeders and; (iv) support KCLB and Standing Commission for Livestock Breeding in providing background information for policy advice to the MAFRD/Policy Unit
Marketing Support Project (MSP)	December 2005 – December 2007	Project is aided at strengthening market information services and improving market access for local producers by: (i) developing a market information service (MIS); (ii) encouraging investment into and development of wholesale/farmer/retail markets, post harvest and added value activities, farmer marketing and enterprise groups and improved linkages between farmers, traders and processors; (iii) enabling greater uptake of quality assurance programmes particularly relating to quality and safety of locally produced food products; (iv) to encourage agri-trade across the Balkans and with the EU including schemes for improved promotion of Kosovo regional brands and; (v) deliver training and study tour programmes on agri-food marketing, and to contribute to the development and implementation of effective agri-marketing policies and strengthen MAFRD capacity in this area.
The Rural Advisory Service (RAS)	December 2005- December 2006	The project provided further support to the Rural Advisory Support Services (RASS) within MAFRD enabling full operation of the agreed rural advisory and support services strategy, as developed under SASS I and implemented throughout Kosovo. This was to ensure that advisory service providers have the technical and organisational capacity to serve commercial and semi-commercial farmers and facilitate the delivery of advice to smaller farmers by using farmers' groups as conduits for information and advice. It also supported the delivery of advice by strengthening and commercialising demonstration plots and facilities, ensuring the provision of high-quality extension material, widening the dissemination of advice through mass media and the internet, and gradually widening the technical

		scope of advisory services so that they incorporate rural development agendas other than agricultural productivity.
Agricultural Master Plan for Kosovo (AMPK)	November 2004- 2006	(i) to strengthen the institutional capacity of MAFRD and related bodies to develop and implement overall macroeconomic, trade and sub-sector agricultural policy; programming and budgeting within the Ministry; (ii) assist MAFRD in preparation for the <i>acquis communautaire</i> in agriculture during the pre-EU accession period; (iii) develop a coherent Kosovo rural development strategy that will facilitate continued progress towards harmonisation with the EU, through development of a realistic Rural Development Plan and; (iv) assist MAFRD in developing a dialogue with rural developments in Kosovo, particularly in facilitating contacts and exchanges of information amongst rural development instigators (from the public and private sectors) in Kosovo, and at regional and international levels
The Strengthening of Agricultural Support Services (SASS 1 & 2).	November 2004 – March 2006	The projects provided institutional capacity building support to the Rural Advisory Support Services (RASS) with MAFRD SASS 1 provided extensive training to advisory services personnel primarily from municipalities for field advisors and operating in partnership with the MAFRD and its own regional advisers. SASS 1 was also oriented towards capacity building and management of the service and training of personnel within the services. This project provided the operational link between trained advisers and the rural community. The main function of SASS 2 was the training of farmers and publications of SASS 1 / RASS information materials such as handbooks, technical publications and general literature, etc.

3.7 Lessons learned

Although impact realised through the previous assistance overall is quite satisfactory, a number of challenges remain:

- *Legal Reform in the sector:* The timelines for the adoption of legal instruments are, not respected, leading to delays in implementation and causing difficulties in project implementation.
- *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 due to lack of resources. This creates a widening gap between the formal legal situation and ‘on-the-ground’ practice. Additional constraint is the lack of cooperation among different competent institutions to coordinate responsibilities, enforcement of legislation and efforts in the fields.
- *Conditionalities:* Often project implementation is hampered by either insufficient qualified staff and resources allocated to (newly established) institutions or insufficient operational funds available in the government budget to allow for appropriate implementation of the mandate of the concerned department.
- *Coordination within the government:* Further improvements – in line with the spirit of EU accession– could be realised in a stronger government leadership in the coordination efforts among the ministries and departments and a stronger focus on operational coordination and harmonisation of policies.

4. Indicative Budget (amounts in EUR million)

			TOTAL EXP.RE	SOURCES OF FUNDING								
				IPA EU CONTRIBUTION		BENEFICIARY CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	%(2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1			6.5	4.5	69	2.0	31	2.0				
Contract 1.1 (Grants)	X		6.5	4.5	69	2.0	31	2.0				-
TOTAL IB			6.5	4.5	69	2.0	31	2.0				
TOTAL INV												
TOTAL PROJECT			6.5	4.5	69	2.0	31	2.0				

Note: Amounts net of VAT

- (1) In the Activity row "X" is used to identify whether IB or INV
(2) Expressed in % of the **Total** Expenditure (column (a))

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

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract (Grants)	Q2 2012	Q4 2012	Q4 2014

The project should in principle be ready for tendering in the 1ST Quarter following the signature of the FA.

6. Cross cutting issues

6.1 Equal Opportunity

Civil society (including employers' organisations, trade unions, professional organisations as well as non-governmental organisations, etc) plays a major role in transition societies. Ensuring those groups' concerns are taken into account in the European development agenda and enhancing their policy dialogue with the administration and Kosovo's institutions will be aspects mainstreamed within the assistance programmes.

6.2 Environment

Environmental considerations will be duly reflected in all IPA financed activities, in addition to specific actions dedicated to environment, in particular as concerns environmental impact assessments. This is particularly relevant where there is potentially a high environmental impact, such as co-financing of investments, new legislation, etc.

6.3 Minorities

Equal opportunities and non discrimination of women, minority and vulnerable groups (including children, disabled and elderly people) will find considerations in all aspects of EC funded activities, particularly in relation to public services, legislative matters and socio-economic support programmes.

6.4 Good governance

Good governance will be fostered through the introduction of monitoring, evaluation and control mechanisms, through awareness campaigns involving wider public as a way to contribute to the fight against corruption and to enhance civic responsibility in respect of payment for public services.

ANNEXES

- ANNEX I: Log frame in Standard Format
- ANNEX II: Amounts contracted and Disbursed per Quarter over the full duration of Programme
- ANNEX III: Description of Institutional Framework
- ANNEX IV: Reference to laws, regulations and strategic documents:
- ANNEX V: Details per EU funded contract (*) where applicable: not applicable

ANNEX 1: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche		Programme name and number	IPA 2011
Agriculture and rural development support programme II		Contracting period expires: Ref section 1.10	Disbursement period expires: ref section 1.12
		Total budget : EUR 6.5 million	IPA budget: EUR 4.5 million
Overall objective	Objectively verifiable indicators	Sources of Verification	
To improve the economic development of the rural areas and to stimulate the economic growth of the agricultural sector in Kosovo	Agricultural production and export statistics National statistics of GDP for rural municipalities	National statistical data Final implementation evaluation of ARDP Import/Export statistics	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
To improve processing and marketing, hygiene, quality and food safety standards and environmental protection in the dairy, meat fruit and vegetable processing industry in order to strengthen the competitiveness of the agricultural and rural development sector, increase market share and consumer confidence into	ARDP updated and approved by MAFRD Visibility of the grant scheme % market share gained locally and regionally % increase employment 10-15 grant contracts implemented	Peer review mission reports	General agreement on the necessity of managing bottom up and top down approaches together Necessary legislation is put in place

local products. To contribute to the implementation of the Agriculture and Rural Development Plan.			
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
Agro food establishment upgraded and modernized to comply with EU food safety standards and requirements of the three sub-sectors of agriculture, namely dairy, meat and fruits and vegetables The ARDP, food safety standards and hygiene package requirements are being implemented successfully. Grants are disbursed for priority measures.	ARDP 2011 -2013 updated according to the mid-term evaluation Pilot projects launched and amount of funds and co-financing used	Mid term and final evaluations Reports from MAFRD Quarterly reports Minutes of Steering Committee meetings Visibility events	Local and national stakeholders understand and fully cooperate in the implementation of a long-term strategy; Stakeholders understand the long-term perspective MAFRD staff trained and capable of monitoring the use of and accounting for available grant funds
Activities	Means	Costs	Assumptions
Activity 1. Rural Development grants 1) Preparation of appropriate programme and procedures for implementation of priority measures 2) Implementation of	Grant scheme	EUR 4.5 million – EU contribution EUR 2 million – National co-financing	A preliminary detailed training needs analysis is conducted Trainees are carefully selected Grants results are monitored and checked on the spot All partners fully understand the purpose and functioning of a

<p>implementation and monitoring arrangements, project selection and approval procedures</p> <p>3) Preparation of calls for proposals, evaluation and selection of projects submitted, implementation and monitoring by MAFRD and KVFA assisted by the IPA 2010 twinning projects.</p> <p>4) Carry out visibility events and campaigns</p>			<p>network and fully cooperate</p> <p>The implementing institutions have the basic understanding of implementation of a scheme base on the assistance provided by the previous twinning project</p> <p>Cross cutting issues are identified and addressed through the involvement of partners such as Ministries, Agencies, University, professional bodies etc</p> <p>MAFRD staff is available and identified</p> <p>Political will for adoption of plans and policies</p>
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Pre-conditions:

- Strong political will to implement the project;
- The updated law on rural development is adopted by the Kosovo parliament
- The necessary HQ resources and financial means are put at the disposal of the MAFRD to retain the staff trained and to make the implementing institutions functional.

ANNEX II: amounts (in EUR million) Contracted and disbursed by quarter for the project

Contracted	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4
Contract 1.1				4.5								
Cumulated				4.5								
Disbursed												
Contract 1.1						4.0			0.5			
Cumulated						4.0	4.0	4.0	4.5			

Annex III: Description of Institutional Framework

Ministry of Agriculture, Forestry and Rural Development is established on 17 April 2000 with UNMIK Regulation No. 2000/27 on the establishment of Administrative Department of Agriculture and Rural development (ADAFRD).

In conformity with UNMIK regulation No. 2001/19 annex 10 is amended on the authority of the Interim Administration of Kosovo, Ministry of Agriculture, Forestry and Rural Development

Mandate of Ministry of Agriculture, Forestry and Rural Development

- Develop polices and implement laws for development of agriculture including also the cattle and production of plant, rural development and setting of standards for maintenance.
- Facilities development of credit scheme for the support of agriculture, forestry and activities for rural development in private sector;
- Develop policy for assisting the administration and management of forestry sector including protection, activities of reforestation, self-support, fighting form the fire, prevention of fire, disinfection form the insects and different diseases, license for felling of tree and control of hunting and fishing;
- Regulate activities of hunting and fishing;
- Supervise the approach of veterinary services, including among the others prevention of animal diseases, zoonese and the improvement of herds qualities and herds of poultries;
- Develop polices in the field of watering including also the projects for the planning of irrigation;
- Develop polices and implement laws particularly the utilization of land with the purpose of its protection;
- In cooperation with Ministry of Health, Environmental and Spatial Planning surveys control of food quality and agriculture inputs with the purpose of consumers;
- Supervise activities that aim disappearance of insects, parasites, plants diseases or harmful causers;
- Take part in the activities of protection of the environmental that have to do with forestry, hunting, fishing and management of resources of the water and
- Provide assistance in the issues that are linked with veterinary, does the phytosanitary control and of the quality of animals and animal's products that are passed transit through the administrative cross boundaries and state too of the food and the agriculture, plants and plants products.

Annex IV: Reference to laws, regulations and strategic documents:

Reference to AP /NPAA / EP / SAA

The *European Partnership* 2008 includes the following for agriculture:

Agriculture and fisheries (short and medium term priorities)

- Determine clear responsibilities within the different services in the agricultural sector (including the veterinary and phytosanitary administration) and their relations with the Ministry of Agriculture, Forestry and Rural Development, local governments and municipal level.
- Adopt the law on food and the consequent implementing legislation, and establish the relevant agency to implement and enforce the law.
- Ensure the operational character of the system for identification of animals and registration of their movements.
- Draw up a plan to upgrade agri-food establishments.
- Develop a policy and a regulatory framework to support viable land reform. Support the protection of agricultural land against unplanned urban development.
- Assess the compliance of agri-food establishments with EU requirements and prepare a programme for upgrading those establishments.
- Start action for efficient control of domestic plant production, in particular for products with EU-specific requirements.
- Develop a sound forest management structure, particularly in combating illegal logging of forests and fighting against forest fires.

Reference to MIPD

"2.6 Selected priorities for EU assistance

Private Sector Development (focus on trade and business environment)

The second priority is to support Kosovo's efforts to improve its business environment, to attract investment, stimulate growth and to ensure that Kosovo's socio-economic development can continue. Efforts are primarily to be guided by the requirements of a potential trade agreement with the EU, and will aim to enhance Kosovo's administrative and technical capacity in this regard. These efforts will take place within the wider framework of activities to support Kosovo's socio-economic development, and will fit with a number of composite sector strategies, notably Kosovo's industry, SME and employment strategies. This second priority will be aligned with the European strategy for smart, sustainable and inclusive growth (Europe 2020).

3. Main sectors for EU support for 2011-2013

3.2.3. Sector objectives for EU support over next three years

In agriculture and food safety, the EU will continue to help Kosovo meet EU standards and therefore develop its export potential / import substitution potential whilst also helping Kosovo's rural economy. Measures that can be envisaged are equipping Kosovo's food safety laboratory, helping develop its organic agriculture inspectorate and certification, registry of agri-food establishments and the IT system for Kosovo's animal registration and movement system. "

Reference to National Development Plan

Specific reference to the agricultural sector in the MTEF 2011-2013 is made under the heading referring to the Ministry of Agriculture, Forestry and Rural Development:

"MAFRD has, in the past two years, made an important contribution in creating a conducive environment for rural and agricultural development by directly supporting the economic development of municipalities.

The following are the Ministry's priorities:

Restructuring of the agriculture sector including land consolidation and vineyards; cadastre; grants and subsidies allocation for farms; rehabilitation of existing irrigation systems and expansion; support to local development strategies. To meet the priorities the Government of the Republic of Kosovo in 2009 doubled the MAFRD budget. In this sense, the budget for subsidies alone was €5.2 million while previously they were merely symbolic (€550,000).

Increase of the fund to enable MAFRD to develop ten support schemes for farmers and projects aimed at enhancing farm revenues, improvement of competitiveness of agriculture and processing enterprises, replacement of imports with local products. To enhance its agriculture output and improve its competitiveness, the Ministry of Agriculture, Forestry and Rural Development in 2009 involved 15,000 farmers in its support structure through grants and subsidies in support of various projects for establishing new vineyards, greenhouses for vegetable production, support to dairies, subsidy schemes for small animals and wheat producers, grants scheme for processing facilities, support to Local Action Groups.

This support had a positive impact in guiding farmers towards improving the quality of products, implementing production practices in line with EU standards and improving skills for sustainable farm management. These investments are aimed at creating a favorable environment for development of the agricultural – rural sector in Kosovo and prepare it for its candidacy to EU. Seeing the current results in this sector and the need for further development of agriculture, in the future it is necessary to help the agriculture sector from both the Budget of Kosovo and potential donors.

III. Strategic Objectives

Main mid-term objectives are:

- i. Sustainable land use and protection of agriculture land, specifically by curbing illegal construction and farm restructuring;
- ii. Enhance productivity of farms and their competitiveness through: increased revenues of farms and improvement of quality of work and life in rural areas, improve their competitiveness, reduce import and increase export of agriculture products and create opportunities for employment in rural areas, particularly through diversifying rural activities; align Kosovo's agriculture to EU agriculture;
- iii. Improve forest structure through: forestation, reforestation of areas, increase of forest areas, rehabilitation of degraded areas in production forests and development of management plans.a) Supporting rural development.
- iv. Creating employment opportunities in rural areas, especially by way of diversification of rural activities and aligning Kosovo agriculture with EU:
 - a) Diversification;
 - b) Implementation of local strategies;
 - c) Development of eco-tourism.

These thresholds have been set by calculating the cost of current policies and initial capacity assessment for funding new initiatives in the area of Agriculture, Forestry and Rural Development (e.g. establishment of Paying Unit). The Law on Agriculture and Rural Development obliges the Ministry of Agriculture to create a Paying Unit, which will require increase in staff numbers and operational costs. The exact cost for the unit, funding capacity and other potential sources will be defined in the next budget process."

Reference to national / sectoral investment plans

"Further to the Medium Term Expenditure Framework 2011-2013, the total KCB budget for the agricultural sector has been increased and in 2008 has reached EUR 8.6 million, which is about

32% higher than in 2007. Most of the increase in spending for this sector is in capital outlays due to inclusion of new projects identified in Rural and Agricultural Development Plan 2009-13."

ANNEX V: Details per EU funded contract (*) where applicable:

For *TA contracts*: account of tasks expected from the contractor

- **Activity 1 (Grant scheme)**

Guidelines for grant applicants will be drafted by working group supported by IPA 2010 twinning projects in close cooperation with the MAFRD and KVFA. The size of the grants will be determined at this particular stage, following careful consideration of the type of projects eligible and the management resources.

Grant applicants will have to follow rules and regulations of the European Commission during the application process. Upon approval of the proposals, the IPA 2010 twinning project for KVFA will be mobilised as a complementary action to support MAFRD and KVFA in order to ensure successful project implementation, monitoring and capacity building.