

Project Fiche – IPA National programmes / Component I

1 IDENTIFICATION

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| Project Title | Upgrade of institutional and administrative capacities in line with Common Agricultural Policy (CAP) requirements |
| CRIS Decision number | 2011/022-988 |
| Project no. | 6 |
| MIPD Sector Code | 8. Agriculture and rural development |
| ELARG Statistical code | 03.11 |
| DAC Sector code | 31110 |
| Total cost (VAT excluded)¹ | 2.830.000 EUR |
| EU contribution | 2.537.500 EUR |
| Management mode | <i>Decentralised</i> |
| Responsible Unit or National Authority/Implementing Agency | <p>The Central Financing and Contracting Department (CFCD) will be the contracting authority and will be responsible for all administrative and procedural aspects of the tendering process, contracting matters and financial management including payment of project activities. The Head of CFCD will act as the Programme Authorising Officer (PAO) of the project.</p> <p>Mrs. Radica Koceva (PAO) Central Financing and Contracting Department Ministry of Finance Tel: +389 2 3106 455 Fax: +389 2 3231 219 E-mail: radica.koceva@finance.gov.mk</p> |
| Implementation management | <p>The Ministry of Agriculture, Forestry and Water Economy (MAFWE) and the Agency for Financial Support of Agriculture and Rural Development (AFSARD)</p> <p><u>Contacts:</u> Mr. Zivko Brajkovski, Head of European Integration Department within MAFWE and Senior Programme Officer (SPO) Ministry of Agriculture, Forestry and Water Economy E-mail: Zivko.Brajkovski@mzsv.gov.mk</p> <p>Mr. Zoran Nikolovski</p> |

¹ The total project cost should be net of VAT and/or of other taxes. Should this not be the case, clearly indicate the amount of VAT and the reasons why it is considered eligible.

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| Implementing modality | Stand alone project |
| Zone benefiting from the action(s) | Nationwide project activities |

2. Overall Objective and Project Purpose

2.1 Overall Objective

The overall objective of the project is to upgrade the established institutional and administrative capacities of the national relevant structures for agriculture and rural development towards requirements of the EU accession process.

2.2 Project purpose

The purpose of the project is to provide technical assistance to the Ministry of Agriculture, Forestry and Water Economy (MAFWE) and the Agency for Financial Support of Agriculture and Rural Development (AFSARD) in order to strengthen the national and regional capabilities to manage, enforce and apply the mechanisms of the Common Agricultural Policy (CAP), focusing on:

- Further strengthening of AFSARD and its' gradual upgrade from an "IPARD" to a comprehensive "Paying" Agency;
- Further upgrading of the Agriculture Information System (AIS) and preparation of the Macedonian institutional structures necessary for the implementation of AIS in line with the requirements of EU CAP.

2.3 Link with AP/NPAA/SAA

The program will address the following **Accession Partnership 2009** short term priorities: "Ensure collection and processing of sound and reliable agricultural data"; "Continue preparations to establish effective and financially sound paying bodies for the management and control of agricultural funds, in line with EU requirements and international auditing standards". In addition, the program will reflect on the medium-term priority to upgrade the capacity of the agricultural administration and complete preparations for enforcement and practical application of the management mechanisms of the common agricultural policy.

The activities foreseen in the project are closely related to the **National Programme for the Adoption of the Acquis (NPAA 2011)**. Explicitly under Chapter 11 - Agriculture and Rural Development of the NPAA, project activities are directly linked with all 5 areas under Chapter 11.

The project will contribute towards the implementation of the **Stabilisation and Association Agreement (SAA)**: Articles 1 and 68 on approximation of legislation to that of the Community, and Article 100 (Agriculture, and the agro-industrial sector) on modernisation and restructuring of agriculture, the agro-industrial sector and rural development.

2.4 Link with MIPD

The Multi-Annual Indicative Planning Document (2011-2013) states that “The agriculture has traditionally been one of the most significant industries of the country's economy. Unlike some of the transitional economies, in which the agriculture suffered loss of its importance in certain periods, the agricultural sector has constantly maintained its position in the economy during the overall transition.” Nowadays, agriculture is facing major challenges and structural reforms in the country. An eventual decline in agriculture, food-production and associated industries could have significant adverse consequences in rural areas as well as represent a threat to the overall economic and social stability of the country. Strengthening the competitiveness of the national agribusiness is therefore the focal point for its survival. This must be supported through well targeted agriculture and rural development policies and programmes and by modernisation of the relevant public institutions.

An important factor for the modernisation of the agricultural sector is its gradual alignment to the EU acquis and the relevant standards in the food safety, veterinary and phyto-sanitary field. Building of administrative capacity in the relevant national institutions to conceive and implement agriculture and rural development policies and programmes upon accession will also be of crucial importance for the future development of the sector.”

2.5 Link with National Development Plan

N/A

2.6 Link with national/ sectoral investment plans

The project directly links to the following key strategies and action plans in the sector (see for a more extensive list Annex 3):

- Strategy for the Development of Agriculture and Rural Development for the period 2007-2013;
- National Strategy with an Action Plan for Organic Agriculture Production in the Republic of Macedonia 2008-2011;
- Operational programme under the EU instrument for pre-accession for rural development (IPARD) 2007-2013;
- National Strategy for Development of Electronic Communication and Information Technologies.

3. Description of project

3.1 Background and justification

In the area of agriculture and rural development, overall progress has been noted, especially in terms of enhanced administrative capacity of AFSARD and IPARD operational structures. A number of laws have been adopted (Law on quality of agriculture products “Official Gazette of the Republic of Macedonia” No. 140/10, the new Law on agriculture and rural development “Official Gazette of the Republic of Macedonia” No. 49/10, Law on Agency for financial support of agriculture and rural development “Official Gazette of the Republic of Macedonia” No. 72/07, “Official Gazette of the Republic of Macedonia” No. 5/09) harmonising legislation with the EU Acquis, as well as several strategies and strategic

documents that set out the policy objectives - National Strategy for Agriculture and Rural Development (2007-2013), Operational programme under the EU instrument for pre-accession for rural development (IPARD) 2007-2013 and Strategy and operational plan for development of sustainable and efficient Agricultural Information System (AIS).

The abovementioned acts are strongly inter-related, and precisely reflect all the priorities set-up in the acts guiding the EU accession process of the former Yugoslav Republic of Macedonia - the Stabilisation and Association Agreement, Accession Partnership 2008 and the National Programme for the Adoption of the Acquis 2011, as well as the recommendations of the European Commission in the former Yugoslav Republic of Macedonia 2009 and 2010 progress reports (4.11. Chapter 11: Agriculture and rural development).

Based on these documents and in order to further guide the development and implementation of the reforms in the sector a set of strategic activities of the European integration process was elaborated (Appendix 1) in accordance with the current structure and division of Chapter 11 (Agriculture and rural development), of the primary document at national level that guide the EU integration processes – the National Programme for the Adoption of the Acquis. In this respect, activities introduced within Appendix 1 provide an overview of the development steps, particularly under Horizontal issues under this Chapter, where both areas that are subject of the intervention under this project fiche are situated – AFSARD and AIS. In this respect, for AFSARD, besides the horizontal part, where activities related to national support schemes for agriculture and other relevant activities for direct payments are elaborated (IACS), certain activities are placed under the rural development part, bearing in mind that AFSARD is foreseen to be the single paying body for both schemes. In terms of AIS, an overview of the development steps of the separate systems that will be part of the overall information system in agriculture are presented, disregarding whether the systems have a more administrative/control function or are purely for information purposes. The Appendix also provides information on past and future sources of financing (national, EU, IFI funds) upon which the intervention under this fiche will be based.

In line with the abovementioned documents and the strategic activities foreseen for the medium term, a number of key priorities have been identified and reflected into the present IPA-TAIB 2011 Project Fiche, with a view of its implementation within the period 2012-2013 when the 2011 Programme is expected to be operational.

Administrative capacity in the area of agriculture and rural development can still benefit significantly from additional support, especially in terms of further strengthening of AFSARD and its' gradual upgrade from an "IPARD" to a comprehensive "Paying" Agency, thereby continuing the activities for the establishment of an effective and financially sound paying body for the disbursement and control of agricultural funds meeting the standards required for implementation of the European Agricultural Guarantee Fund – EAGF (Appendix 2).

During 2010 AFSARD is establishing a software application, supported by a World Bank Loan administered through ASAP (Agriculture Strengthening and Accession Project) and also supplies of hardware necessary to make the system functional. The purpose of these activities is to create tailor made software for the needs of AFSARD for implementing both EU and National financed programmes, as well as connecting the software application to the registers established within MAFWE. In addition, this project fiche is designed to provide AFSARD with the possibility to supply further necessary IT equipment that will be more precisely

identified through a gap assessment performed as an inception activity within the Twinning Project. This will identify both gaps connected to the existing IT equipment of AFSARD as well as ensuring secure connection of both systems, in this way increasing the internal control system for all programmes that are going to be implemented. Procurement will be realised through a linked supply component.

In addition, alignment with the Acquis requires further sustained efforts, in particular thorough implementation of the legislation adopted. In this context, activities are formulated relating to the Agriculture Information System (Appendix 3), in view of its importance for the development, implementation, monitoring and evaluation of policies, covering a wide range of areas (both in terms of informative and administrative systems in agriculture), particularly focusing on data aggregation and exchange between various stakeholders, as well as upgrade of the established information systems and registers in terms of their further alignment to EU standards enabling, as a result, connectivity and exchange of agriculture data of the Republic of Macedonia with DG Agri and the EU. To that end, this project fiche is designed to provide AIS with the possibility to supply further necessary IT equipment and set up quality software to ensure appropriate data collection and effective and efficient information exchange. This gap assessment will be performed as part of the initial activities of the service contract, linked with the foreseen review of an existing system operational in EU MS. Procurement will be realised through a linked supply component.

Area /Project 1: Transition of AFSARD to a comprehensive Paying Agency

The aim of this project is the establishment of an effective and financially sound paying body for the management and control of agricultural funds meeting the standards required for implementation of the European Agricultural Guarantee Fund (EAGF), building upon recent developments within AFSARD, which resulted in receipt of conferral of management powers for IPA Component V funds, and in line with the activities foreseen till 2013.

The organisational structure of AFSARD aims to ensure clear segregation of the duties performed on the part of programming on one hand and on the part of implementation of programmes on the other. When establishing AFSARD, the Government of the Republic of Macedonia created an internal organisational structure for AFSARD that ensures segregation of duties with regards to the implementation of programmes on the side of Direct Payments through implementation of the National Programme for Financial Support to Agriculture and Rural Development Programmes (IPARD and National Programme for Financial Support to Rural Development). Taking into account the number of beneficiaries from all programmes implemented by AFSARD and the number of measures that have been implemented to date, the establishment of more than one institution dealing with payments for Direct Payment and Rural Development Programmes (EU and National) is deemed an expensive option. In this respect, AFSARD is foreseen as a single implementing institution managing EAGF, EAFRD and EFF programmes.

Area/Project 2: Agriculture Information System upgrade and establishment of data exchange systems between MAFWE and other relevant institutions within the country and with the EU

This project aims to improve the operability of the Agriculture Information System in view of its importance for the development, implementation, monitoring and evaluation of policies. The project will cover a wide range of areas (both in terms of informative and administrative systems in agriculture), particularly focusing on data aggregation and exchange between various stakeholders, as well as upgrade of the established information systems and registers in terms of their further alignment to EU standards enabling, as a result, connectivity and

exchange of agriculture data of the Republic of Macedonia with DG Agri and other EU services.

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

The expected combined impact of the two main components of this project is the significant improvement of the administrative capacities of the institutions responsible for agriculture and rural development. The project will have impact on upgrading the systems (strategic planning documents, strategic management), skills, practices, mechanisms, rules, bylaws, and strategies of the relevant institutions. An ongoing review of key issues impacting on sustainability will start from the beginning of project implementation, based on the results and outcomes that should be achieved over time. The objective of this review is to facilitate the sustainable impact of outcomes beyond the end of the project.

3.3 Results and measurable indicators

The project consists of two main components:

- Transition of AFSARD to a comprehensive Paying Agency;
- Agriculture Information System upgrade and establishment of data exchange systems between MAFWE and other relevant institutions.

Results and measurable indicators under Area/Project 1: Transition of AFSARD to comprehensive Paying Agency

Expected results:

- Working procedures approximated and capacity built in the field of direct payments according to EU regulations, and national legislation aligned with respect to EAGF requirements. Work procedures developed for receiving and administrative processing of requests received, cross-compliance checks with on the spot conclusions, calculation of funds to be approved, procedures for compensation, recovery of funds, information security. Compatibility with functional software ensured, and an overall reporting system developed and functional;
- Working procedures approximated and capacity built in the field of rural development payments according to EU regulations, and national legislation aligned with respect to EAFRD requirements. Work procedures developed for receiving, processing and approving applications, claims for payment, and on the spot controls;
- Procedures prepared and introduced and capacity built for application of state aid measures that are compatible with relevant EU legislation;
- Procedures prepared and introduced and capacity built for implementation of market measures and market interventions that are compatible with relevant EU legislation; and
- Necessary equipment and software secured, internal control system for all programmes operational and connection with MAFWE registers established and functional.

Measurable indicators:

- Number of written and approved working procedures covering all aspect of application processing of: EAGF applications, EAFRD applications, applications for state aid and applications processing for market measures and market interventions;
- Number of trainings organised in each relevant area (at least 10 trainings organised for 15 people per training from relevant department on respective topic);
- Realisation of the supply contract and provision of necessary IT equipment.

Results and measurable indicators under Area/Project 2: Agriculture Information System upgrade and establishment of data exchange systems between MAFWE and other relevant institutions

Expected results:

- Improved systems for daily, weekly, monthly, quarterly and yearly data collection and processing of data from already established Information Systems/Registers within MAFWE;
- Harmonisation of collection methods and information exchange within MAFWE, and between MAFWE and other relevant Government institutions, in accordance with EU standards;
- Efficiency of the AIS increased, with enhanced functionality in terms of policy assessment and design;
- Appropriate AIS software and functional IT equipment available, unique agriculture database developed at the national level, and models and methodology of agriculture data exchange between the Republic of Macedonia and the EU developed and introduced.

Measurable indicators:

- Number of national rules on information systems in agriculture harmonised with EU legislation;
- Number of national and regional specialists and relevant stakeholders for AIS trained;
- Number of memoranda, manuals and procedural and methodical booklets on data exchange established and operational;
- Management system for agriculture information established;
- All necessary databases for AIS system established and integrated;
- Realisation of the supply contract and provision of necessary IT equipment;
- Central and regional offices equipped for AIS administration;
- Connectivity with the EU services on data delivery/exchange established.

3.4 Activities

Activities under Area / Project 1: Transition of AFSARD to a comprehensive Paying Agency

The project will consist of the following activities per each component:

- Approximation of working procedures in line with European Agricultural Guarantee Fund (EAGF) requirements:
 - o Identification of EU legislation that has to be harmonised with the Law for Establishing AFSARD;
 - o Identification of rules of implementation of the assistance linked to EAGF;
 - o Design and implementation of a Training Plan for employees;
 - o Establishment of appropriate control mechanisms for administrative control and for on the spot control;
 - o Establishment of procedures for direct payments aligned to CAP;
 - o Preparing working procedures on the bases of EU requirements;
 - o Identification of irregularities, frauds and amounts to be recovered;
- Approximation of working procedures in line with European Agricultural Fund for Rural Development (EAFRD):
 - o Identification of EU legislation that has to be harmonised with the Law for Establishing AFSARD;
 - o Identification of rules of implementation of the assistance linked to EAFRD;

- Design and implementation of a Training Plan for employees according to the measures to be implemented (Axis 1,2 ,3 and 4);
- Establishment of appropriate control mechanisms for administrative control and for on the spot control;
- Design of a strategic approach towards implementation of Rural Development measures;
- Establishment of procedures for payment;
- Preparing working procedures on the bases of EU requirements;
- Identification of irregularities, frauds and amounts to be recovered;
- Preparation of procedures for application of the state aid rules according to EC Regulation 1698/2005, Title VIII, article 88:
 - Identification of the rules for state aid applicable for EU support;
 - Implementation of the rules for state aid deriving from national legislation;
 - Preparation of working procedure for implementation of investments stated under EC Regulation 1698/2005 article 88, paragraph 2, point a, b, c and identification of the amount that can be granted to farmers under the rules of state aid given in the Annex of the EC Regulation 1698/2005;
 - Identification of EU standards that need to be adopted by farmers who receive state aid support, as mentioned in EC Regulation 1698/2005, article 88, paragraphs 5 and 6;
- Preparation of procedures for market measures and market interventions:
 - Establishing proper organisational structure to implement market intervention measures;
 - Design of working procedures for implementation of market intervention measures to regulate agriculture markets;
 - Design of Training Plan for employees of the unit/department(s) that will implement the market intervention measures.

In addition to the activities related to specific components, the Twinning team shall provide support to identify needs and prepare technical specifications for the hardware equipment needed for the internal control system for all components, as well as its connection with the established registers in MAFWE.

Activities under Area/Project 2: Agriculture Information System upgrade and establishment of data exchange systems between MAFWE and other relevant institutions

The four expected results of the project will be achieved through the realisation of the following activities:

- Improved systems for data collection and processing of data of already established Information Systems / Registers within MAFWE:
 - Assessment of the data quality and database/register functionality in comparison with those of an EU Member State(s);
 - Upgrade of national rules on data collection and AIS aligned with the EU Acquis;
 - Design of a training plan and implementation of trainings for relevant stakeholders under the upgraded system;
- Harmonisation of collection methods and information exchange within MAFWE, and with other relevant Government institutions in accordance with EU standards:
 - Assessment of the overall system with a similar one from an EU Member State(s);

- Establishment of Methodology of information exchange, including Memoranda, Manuals and various sets of Protocols regulating and guiding information exchange and management (e.g. MAFWE - MAFWE; MAFWE - other Governmental bodies);
- Design and implementation of training/capacity building plans for the relevant stakeholders;
- Efficiency of the AIS increased, with enhanced functionality in terms of policy assessment and design:
 - Training of staff in validating and evaluating data of the AIS, in particular comparison of market and market-price information with the developments of FADN and EAA;
 - Developing capacities and skills within MAFWE for assessing the impact of the measures on agriculture and rural development and the quality of life in rural areas, as well as for the preparation of recommendations for improvement of the measures and reduction of their negative environmental impact;
 - Developing the administrative capacities for utilisation of economic accounts in agriculture and agriculture statistics, and their contribution to statistical research for agriculture and rural development;
- **Unique agriculture database developed at the national level, and models and methodology of agriculture data exchange between the country and the EU developed and introduced:**
 - Assessment of the AIS, including administrative Registers (in terms of existing hardware, software, administrative capacities) against the requirements of notification of information and documents related to Common Market Organisation, Direct Payments and Promotional Activities (Commission Regulation EC no. 792/2009);
 - Preparation of precise technical specifications for IT equipment and software based on the identified needs;
 - Designation of liaison body within MAFWE responsible for fulfilling notifications and data exchange;
 - Training of staff of the designated liaison body in management of the notification system, particularly in managing access rights and certifying the identity of those authorised to access the information systems;
 - Design of effective control measures in order to protect against illegal and unauthorised access, deletion, alteration or movement of documents and files, as well as establishment of a physical protection systems;
 - Design of detailed technical documentation on the operation and characteristics of the system;
 - Initial testing of the system and interconnection with DG Agri and other services as relevant.

Management and contracting arrangements

Individual Steering Committees will be an integral part of each Service and Twinning Contract.

Advisory services will be provided to the beneficiary. The contracts to support the project will contain expertise to assist in key tasks, e.g. in the field of administrative capacity building, training, IT development, legal development and others. Some of these experts will address cross-cutting issues. The core project team – expertise will be placed within the respective units.

Appropriate overall management, representation (co-ordination with the EU and other international bodies) as well as reporting will be ensured, as well as management of resources. During the inception phase of the project, a detailed deployment plan will be developed under the coordination of the Senior Programme Officer and the Steering Committee in which each co-operating national institution will be represented to ensure appropriate inclusion.

In addition to this and in order to avoid overlap and ensure complementarity of activities between different projects (i.e. IPA-TAIB projects and other relevant projects in an area) appropriate inclusion of representatives of the beneficiaries of these projects within the Steering Committee will be ensured.

The expected contracting arrangements are:

- 1 Twinning project will be developed for the implementation of activities under area/project 1: Transition of AFSARD to a comprehensive Paying Agency. The contract has an expected duration of 18-20 months and is expected to start at Q1 of 2013. The budget of this contract will be approximately 1.550.000 EUR, of which IPA funds 1.472.500 EUR and national contribution 77.500 EUR;
- 1 service contract, for the implementation of activities under area/project 2: Agriculture Information System upgrade and establishment of data exchange system between MAFWE and other relevant institutions. The contract has an expected duration of 15-18 months, and is expected to start at Q1 of 2013. The budget of this contract will be approximately 700.000 EUR, of which IPA funds 630.000 EUR and national contribution 70.000 EUR;
- 1 supply contract is expected to be concluded to provide IT equipment for Area/Project 1: Transition of AFSARD to a comprehensive Paying Agency. The contract has an expected duration of 20-24 months including the warranty period and contract signature is foreseen in Q4 2013. The supply contract will represent a follow up of the hardware supply performed by the World Bank Project as described in the Background of the Project Fiche. The contract will focus on the hardware equipment needed to provide a complete internal control system and connection to the existing agriculture registers established in MAFWE, with precise needs identified by and technical specifications developed by the winner of the Twinning contract. The budget of this contract will be approximately 430.000 EUR, of which IPA funds are 322.500 EUR and national contribution 107.500 EUR;
- 1 supply contract is expected to be concluded to provide IT equipment for Area/Project 2: Agriculture Information System upgrade and establishment of data exchange system between MAFWE and other relevant institutions. The contract has an expected duration of 20-24 months including the warranty period, and contract signature is expected to be in Q4 2013. The contract will ensure procurement of additional equipment and software, necessary for data collection, exchange and processing, in accordance with the newly established methodology and principles, upgraded to allow data exchange and notifications in accordance with the prevailing methodology and procedures within the EU at the time of project implementation. Precise needs will be identified, and technical specifications developed, by the winner of the service contract. The budget of this contract will be approximately 150.000 EUR, of which IPA funds 112.500 EUR and national contribution 37.500 EUR.

3.5 Conditionality and sequencing

The project includes the following conditionality:

- Endorsement by all key stakeholders of the Terms of Reference, and technical specifications for the individual contracts to be engaged;
- Strengthened and ensured administrative capacities (staffing) of the beneficiaries at the start of the project activities as foreseen in accordance with the National Plan for the Adoption of the Acquis- NPAA (Annex 3), assuring the appropriate absorption capacity for the foreseen activities and developments and their future implementation;
- Appointment of counterpart personnel by the beneficiaries before the launch of the tender process;
- Allocation of working space and facilities by the beneficiaries for technical assistance before the launch of the tender process;
- Participation by the beneficiaries in the tender process as per EU regulations;
- Organisation, selection and appointment of members of working groups, steering and coordination committees, seminars by the beneficiaries as per work plan of the project;
- Appointing the relevant staff by the beneficiaries to participate in training activities as per work plan;

In the event that conditionalities are not met, suspension or cancellation of projects will be considered.

3.6 Linked activities

The activities foreseen under the Area/Project 1: Transition of AFSARD to a comprehensive Paying Agency builds upon the activities realised under the CARDS 2006 Support to IPARD preparations project, which achieved full preparation of AFSARD for IPARD Programme implementation. Besides this, this project area will also benefit of the foreseen results under several on-going/planned projects (IPA-TAIB 2008: CMO and Agri-environment project and IPA-TAIB 2009 Twinning project on cross-compliance), that are primarily related to the institutional strengthening of AFSARD and development of various sets of managerial procedures related to the measures foreseen to be introduced under these projects. Finally, several activities (study visits, expert missions and workshops) realised on topics related to AFSARD through the EU's TAIEX Instrument, as well as certain experiences and practical knowledge, gained through the realisation of the National Programme for Agriculture Support during the past years, are valuable.

As to the activities under the Area/Project 2: Agriculture Information System upgrade, beside the activities under the Agriculture strengthening project – ASAF, financed through the World Bank Loan and previous interventions under CARDS, under which most of separate information systems that are part of the overall AIS were created, the project will benefit from the activities of several projects under IPA-TAIB (IPA-TAIB 2008: LPIS/IACS and CMO project and IPA-TAIB 2009: Twinning project on quality and organic production and IACS/LPIS project), contributing towards quality improvement of the information collected, as well as improvement of the management and operation of the overall agriculture information exchange.

In this respect, based on the recently enacted Law on quality of agriculture products and with the technical assistance provided under the CMO project (IPA 2008) of future alignment of the legislation towards EU Acquis, adjustments of the bylaw regulating the agriculture market information system, as well as related capacity building, are foreseen. In addition to this, both projects on IACS/LPIS (IPA 2008 and 2009) will contribute for further improvement of these administrative systems, initialised through the World Bank ASAF project, whilst the proposed project will further develop relevant parts of the Information System for Agriculture Market

Management and Monitoring (ISAMM) for future delivery of notifications and agriculture data to EU services. Finally, the twinning intervention foreseen for organic production and quality schemes under IPA 2009, will additionally contribute to the overall AIS in terms of introducing an information mechanism for the products bearing quality protection in terms of their origin and/or speciality.

3.7 Lessons learned

Although the achieved impact through previous assistance is satisfactory overall, a number of challenges still remain, such as:

- Legal Reform: Initial timelines for the adoption of legal instruments are not always respected, due to delays in implementation and causing difficulties in project implementation;
- Enforcement: In previous years, a large focus has been addressed on establishing the legal frameworks in the country. The capacity to enforce the law, however, has received insufficient attention, leading to a situation where legal reform is rather well advanced, but law enforcement and implementation has not followed;
- Conditionalities: Often project implementation is hampered by either insufficient staff and resources allocated to (newly established) institutions or insufficient operational funds available in the national budget to allow/provide 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.

Lessons learned from CARDS Programmes (as noted by the EAR Lessons Learnt Report)

The following are the key recommendations from the CARDS experience:

- Continuing and longer-term assistance with realistic project time-frames;
- Realistic objectives and expected results;
- Focus on outcomes rather than inputs and outputs;
- Longer-term investment / Support;
- Capacity building;
- Activities based on specific needs.

This project incorporates realistic project time-frames, with realistic objectives and expected results. It focuses on outcomes rather than inputs and outputs, and it focuses on actual needs for capacity building of the concerned stakeholders.

4. Indicative Budget (amounts in EUR)

| | | | SOURCES OF FUNDING | | | | | | | | | | |
|----------------------|--------|---------|--------------------|---------------------|---------------------|-----------|------------------------------|-----------|-----------------|-------------------------|--------------|----------------------|-------|
| | | | TOTAL EXP.RE | TOTAL PUBLIC EXP.RE | EU IPA CONTRIBUTION | | NATIONAL PUBLIC CONTRIBUTION | | | | | PRIVATE CONTRIBUTION | |
| ACTIVITIES | IB (1) | INV (1) | EUR (a)=(b)+(e) | EUR (b)=(c)+(d) | EUR (c) | % (2) | Total EUR (d)=(x)+(y)+(z) | % (2) | Central EUR (x) | Regional/ Local EUR (y) | IFIs EUR (z) | EUR (e) | % (3) |
| 1 Paying Agency | | | | | | | | | | | | | |
| Twinning | X | / | 1.550.000 | 1.550.000 | 1.472.500 | 95 | 77.500 | 5 | 77.500 | | | | |
| Supplies contract | / | X | 430.000 | 430.000 | 322.500 | 75 | 107.500 | 25 | 107.500 | | | | |
| 2 AIS | | | | | | | | | | | | | |
| Service contract | X | / | 700.000 | 700.000 | 630.000 | 90 | 70.000 | 10 | 70.000 | | | | |
| Supplies contract | / | X | 150.000 | 150.000 | 112.500 | 75 | 37.500 | 25 | 37.500 | | | | |
| TOTAL IB | | | 2.250.000 | 2.250.000 | 2.102.500 | | 147.500 | | 147.500 | | | | |
| TOTAL INV | | | 580.000 | 580.000 | 435.000 | | 145.000 | | 145.000 | | | | |
| TOTAL PROJECT | | | 2.830.000 | 2.830.000 | 2.537.500 | 90 | 292.500 | 10 | 292.500 | | | | |

Amounts net of VAT

(1) In the Activity row use "X" to identify whether IB or INV

(2) Expressed in % of the **Public** Expenditure (column (b))

(3) 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 |
|------------------------|--------------------|-----------------------|--------------------|
| Twinning | Q2 2012 | Q1 2013 | Q3 2014 |
| Service contract | Q2 2012 | Q1 2013 | Q3 2014 |
| Supplies Paying Agency | Q3 2013 | Q4 2013 | Q4 2015 |
| Supplies AIS | Q3 2013 | Q4 2013 | Q4 2015 |

The two IB identified projects should be in principle ready for tendering in the 1st Quarter following the signature of the FA.

6. Cross cutting issues

6.1 Civil Society development and dialogue

Where appropriate and necessary the project components will reach out to relevant Civil society groups in rural communities and in the farming and agricultural sector.

6.2 Environment

The European Community has a longstanding commitment to address environmental concerns in its assistance programmes (as part as a wider commitment to sustainable development). Key references include art. 6 of the Treaty and also the Cardiff process which foresees the systematic consideration of environmental aspects into EC development cooperation and in other policies (hence very important for the Acquis).

The first component of this project is strictly concerned with environmental issues, assisting and providing institutional support for training institutions in advisory, monitoring and control issues related to various environmental aspects.

6.3 Equal Opportunities and non-discrimination

Project implementation will not tolerate any discrimination based on religion, ethnicity, sex or physical disability. Equal gender opportunities will be fully respected in the composition of the Steering Committee and/or Technical Committees for projects assessment and elsewhere, where necessary. In addition to this, the internal policies, structure or operating procedures of the beneficiaries, as well as products and outputs produced by the beneficiaries (e.g. laws, regulations, policies, and strategies) will conform to the relevant principles of equal opportunities and non-discrimination.

6.4 Minority and vulnerable groups

Where the main reference in the country in relation to minority groups is the Ohrid Framework Agreement, in an EU context, reference is made to the “Race directive” of 2000 (200/43/EC of 29 June), which has an important impact on employment (incl. vocational training, working conditions, social protection etc.) and is also a crucial aspect of the Acquis.

6.5 Good Governance, with particular attention to fight against corruption

Where relevant, and needed, the project components will endeavour to address issues related to anti corruption and good governance. In its own management the project should adhere to the highest ethical standards.

ANNEX I - Log frame in Standard Format

| | | | |
|---|--|---|--|
| LOGFRAME PLANNING MATRIX FOR Project Fiche Upgrade of institutional and administrative capacities in agriculture and rural development in line with the requirements for EU accession | | Programme name and number: National programme for IPA Component I TAIB for 2011 CRIS no: 2011/ | |
| | | Contracting period expires two years from the date of the conclusion of the Financing Agreement | Disbursement period expires one year from the final date for execution of contracts. |
| | | Total budget: 2.830.000 EUR | IPA budget: 2.537.500 EUR |

| Overall objective | Objectively verifiable indicators | Sources of Verification | |
|--|---|---|--|
| The overall objective of the project is to upgrade the established institutional and administrative capacities of the national relevant structures for agriculture and rural development towards requirements of the EU accession process. | <ul style="list-style-type: none"> - Upgraded capacities at administrative/ institutional level for implementing agricultural Acquis; - Fulfilled requirements of the EU accession in the relevant areas. | <ul style="list-style-type: none"> - EC progress reports; - Feedback and surveys. | |

| Project purpose | Objectively verifiable indicators | Sources of Verification | Assumptions |
|---|---|---|-------------|
| <p>The purpose of the project is to provide technical assistance to the Ministry of Agriculture, Forestry and Water Economy (MAFWE) and the Agency for Financial Support of Agriculture and Rural Development (AFSARD) in order to strengthen the national and regional capabilities to manage, enforce and apply the mechanisms in the Common Agricultural Policy (CAP), focusing on:</p> <ul style="list-style-type: none"> - Further strengthening of AFSARD and its' gradual upgrade from "IPARD" to comprehensive "Paying" Agency; - Further upgrading of the Agriculture Information System (AIS) and preparation of the Macedonian institutional structures necessary for the implementation of AIS in line with the requirements of EU CAP. | <ul style="list-style-type: none"> - Adoption and enforcement of relevant legislation; - Human resources and management systems upgraded to the accession requirements; - Approved working procedures. | <ul style="list-style-type: none"> - MIPD updates; - Contract records; - Audit reports; - Contracting records commission; - Accreditation dossiers for PA; - Relevant working procedures. | |

| Results | Objectively verifiable indicators | Sources of Verification | Assumptions |
|---|--|--|---|
| <p>Results under Area/Project 1: Transition of AFSARD to a comprehensive Paying Agency:</p> <ul style="list-style-type: none"> - Working procedures approximated and capacity built in the field of direct payments according to EU regulations, and national legislation aligned with respect to EAGF requirements. Work procedures developed for receiving and administrative processing of requests received, cross-compliance checks with on the spot conclusions, calculation of funds to be approved, procedures for compensation, recovery of funds, information security. Compatibility with functional software ensured, and an overall reporting system developed and functional; - Working procedures approximated and capacity built in the field of rural development payments according to EU regulations, and national legislation aligned with respect to EAFRD requirements. Work procedures developed for receiving, processing and approving applications, claims for payment, and on the spot controls; - Procedures prepared and introduced and capacity built for application of state aid measures that are compatible with relevant EU legislation; - Procedures prepared and introduced and capacity built for implementation of market measures and market interventions that are compatible with relevant EU legislation; and - Necessary equipment and software secured, internal control system for all programmes operational and connection with MAFWE registers established and functional. | <ul style="list-style-type: none"> - Number of written and approved working procedures covering all aspect of application processing of: EAGF applications, EAFRD applications, applications for state aid and applications processing for market measures and market interventions; - Number of trainings organised in each relevant area (at least 10 trainings organised for 15 people per training from relevant department on respective topic); - Realisation of the supply contract and provision of necessary IT equipment. | <ul style="list-style-type: none"> - Reports of working groups working together with the experts; - Simulation of procedures; - Compliance reports from internal audit. | <ul style="list-style-type: none"> - Working procedures under result a, b, c, d can be put into practice; - All parties have been able to implement programmes and measures according the rules of procedures for work. |
| <p>Results under Area/Project 2: Agriculture Information System upgrade and establishment of data exchange systems between MAFWE and other relevant institutions:</p> | | | |

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| <ul style="list-style-type: none"> - Improved systems for daily, weekly, monthly, quarterly and yearly data collection and processing of data from already established Information Systems/Registers within MAFWE - Harmonisation of collection methods and information exchange within MAFWE, and between MAFWE and other relevant Government institutions, in accordance with EU standards; - Efficiency of the AIS increased, with enhanced functionality in terms of policy assessment and design; - Appropriate AIS software and functional IT equipment available, unique agriculture database developed at the national level, and models and methodology of agriculture data exchange between the Republic of Macedonia and the EU developed and introduced. | <ul style="list-style-type: none"> - Number of national rules on information systems in agriculture harmonised with EU legislation; - Number of national and regional specialists and relevant stakeholders for AIS trained; - Number of memoranda, manuals and procedural and methodical booklets on data exchange established and operational; - Management system for agriculture information established; - All necessary databases for AIS system established and integrated; - Realisation of the supply contract and provision of necessary IT equipment; - Central and regional offices equipped for AIS administration; - Connectivity with the EU services on data delivery/exchange established. | <ul style="list-style-type: none"> - Project reports; - Surveys from the users; - List of Government Decrees. | <ul style="list-style-type: none"> - Appropriate expertise is available; - Beneficiary institutions can make (qualified) staff available; - Public aware of the new regulations in the agriculture sector. |
|--|---|--|---|

| Activities | Means | Costs | Assumptions |
|--|---|---|---|
| <p>Activities under Area/Project 1: Transition of AFSARD to comprehensive Paying Agency</p> <p>The project will consist of the following activities per each component:</p> <ul style="list-style-type: none"> - Approximation of working procedures in line with European Agricultural Guarantee Fund (EAGF) requirements: <ul style="list-style-type: none"> o Identification of EU legislation that has to be harmonised with the Law for Establishing AFSARD; o Identification of rules of implementation of the assistance linked to EAGF; o Design and implementation of a Training Plan for employees; o Establishment of appropriate control mechanisms for administrative control and for on the spot control; | <ul style="list-style-type: none"> 1 Twinning arrangement 1 supply contract | <p>Twinning arrangement: 1.550.000 EUR IPA funds: 1.472.500 EUR National co-financing.:77.500 EUR</p> <p>Supply contract: 430.000 EUR IPA funds: 322.500 EUR National co-financing: 107.500 EUR</p> | <ul style="list-style-type: none"> - Identification of the exact legislation; - Appropriate expertise is available; - New control mechanisms are in line with the working procedures prepared; - Beneficiary institutions can make (qualified) staff available. |

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| <ul style="list-style-type: none"> ○ Establishment of procedures for direct payments aligned to CAP; ○ Preparing working procedures on the bases of EU requirements; ○ Identification of irregularities, frauds and amounts to be recovered; - Approximation of working procedures in line with European Agricultural Fund for Rural Development (EAFRD): <ul style="list-style-type: none"> ○ Identification of EU legislation that has to be harmonised with the Law for Establishing AFSARD; ○ Identification of rules of implementation of the assistance linked to EAFRD; ○ Design and implementation of a Training Plan for employees according to the measures to be implemented (Axis 1,2 ,3 and 4); ○ Establishment of appropriate control mechanisms for administrative control and for on the spot control; ○ Design of a strategic approach towards implementation of Rural Development measures; ○ Establishment of procedures for payment; ○ Preparing working procedures on the bases of EU requirements; ○ Identification of irregularities, frauds and amounts to be recovered; - Preparation of procedures for application of the state aid rules according to EC Regulation 1698/2005, Title VIII, article 88: <ul style="list-style-type: none"> ○ Identification of the rules for state aid applicable for EU support; ○ Implementation of the rules for state aid deriving from national legislation; ○ Preparation of working procedure for implementation of investments stated under EC Regulation 1698/2005 article 88, | | | |
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| <p>paragraph 2, point a, b, c and identification of the amount that can be granted to farmers under the rules of state aid given in the Annex of the EC Regulation 1698/2005;</p> <ul style="list-style-type: none"> o Identification of EU standards that need to be adopted by farmers who receive state aid support, as mentioned in EC Regulation 1698/2005, article 88, paragraphs 5 and 6; <p>- Preparation of procedures for market measures and market interventions:</p> <ul style="list-style-type: none"> o Establishing proper organisational structure to implement market intervention measures; o Design of working procedures for implementation of market intervention measures to regulate agriculture markets; o Design of Training Plan for employees of the unit/department(s) that will implement the market intervention measures. <p>In addition to the activities related to specific components, the Twinning team shall provide support to identify needs and prepare technical specifications for the hardware equipment needed for the internal control system for all components, as well as its connection with the established registers in MAFWE.</p> | | | |
| <p>Activities under Area/Project 2: AIS upgrade and establishment of data exchange systems between MAFWE and other relevant institutions</p> <p>The four expected results of the project will be achieved through the realisation of the following activities:</p> <p>- Improved systems for data collection and processing of data of already established Information Systems / Registers within MAFWE:</p> <ul style="list-style-type: none"> o Assessment of the data quality and database/register functionality in comparison with those of an EU Member State(s); | <p>1 service contract</p> <p>1 supply contract</p> | <p>Service contract: 700.000 EUR IPA funds: 630.000 EUR National co-financing.:70.000 EUR</p> <p>Supply contract: 150.000 EUR IPA funds: 112.500 EUR National co-financing.:37.500 EUR</p> | <p>- Appropriate expertise is available,</p> <p>- Beneficiary institutions can make (qualified) staff available.</p> |

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| <ul style="list-style-type: none"> ○ Upgrade of national rules on data collection and AIS aligned with the EU Acquis; ○ Design of a training plan and implementation of trainings for relevant stakeholders under the upgraded system; - Harmonisation of collection methods and information exchange within MAFWE, and with other relevant Government institutions in accordance with EU standards: <ul style="list-style-type: none"> ○ Assessment of the overall system with a similar one from an EU Member State(s); ○ Establishment of Methodology of information exchange, including Memoranda, Manuals and various sets of Protocols regulating and guiding information exchange and management (e.g. MAFWE - MAFWE; MAFWE - other Governmental bodies); ○ Design and implementation of training/capacity building plans for the relevant stakeholders; - Efficiency of the AIS increased, with enhanced functionality in terms of policy assessment and design: <ul style="list-style-type: none"> ○ Training of staff in validating and evaluating data of the AIS, in particular comparison of market and market-price information with the developments of FADN and EAA; ○ Developing capacities and skills within MAFWE for assessing the impact of the measures on agriculture and rural development and the quality of life in rural areas, as well as for the preparation of recommendations for improvement of the measures and reduction of their negative environmental impact; ○ Developing the administrative capacities for utilisation of economic accounts in | | | |
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| <p>agriculture and agriculture statistics, and their contribution to statistical research for agriculture and rural development;</p> <p>- Unique agriculture database developed at the national level, and models and methodology of agriculture data exchange between the Republic of Macedonia and the EU developed and introduced:</p> <ul style="list-style-type: none"> ○ Assessment of the AIS, including administrative Registers (in terms of existing hardware, software, administrative capacities) against the requirements of notification of information and documents related to Common Market Organisation, Direct Payments and Promotional Activities (Commission Regulation EC no. 792/2009); ○ Preparation of precise technical specifications for IT equipment and software based on the identified needs; ○ Designation of liaison body within MAFWE responsible for fulfilling notifications and data exchange; ○ Training of staff of the designated liaison body in management of the notification system, particularly in managing access rights and certifying the identity of those authorised to access the information systems; ○ Design of effective control measures in order to protect against illegal and unauthorised access, deletion, alteration or movement of documents and files, as well as establishment of a physical protection systems; ○ Design of detailed technical documentation on the operation and characteristics of the system; ○ Initial testing of the system and interconnection with DG Agri and other | | | |
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| services as relevant. | | | |
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Preconditions:

- Endorsement by all key stakeholders of the Terms of Reference, and technical specifications for the individual contracts to be engaged;
- Strengthened and ensured administrative capacities (staffing) of the beneficiaries at the start of the project activities as foreseen in accordance with the National Plan for the Adoption of the Acquis- NPAA (Annex 3), assuring the appropriate absorption capacity for the foreseen activities and developments and their future implementation;
- Appointment of counterpart personnel by the beneficiaries before the launch of the tender process;
- Allocation of working space and facilities by the beneficiaries for technical assistance before the launch of the tender process;
- Participation by the beneficiaries in the tender process as per EU regulations;
- Organisation, selection and appointment of members of working groups, steering and coordination committees, seminars by the beneficiaries as per work plan of the project;
- Appointing the relevant staff by the beneficiaries to participate in training activities as per work plan;

In the event that conditionalities are not met, suspension or cancellation of projects will be considered.

ANNEX II - Amounts (in €) contracted and disbursed by quarter for the project

| | 2013 | | | | 2014 | | | | 2015 | | | |
|-------------------------|------------------|-----------|------------------|------------------|------------------|-----------|------------------|------------------|-----------|-----------|-----------|------------------|
| Contracted | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | |
| Twinning: Paying Agency | 1.550.000 | | | | | | | | | | | |
| Service: AIS | 700.000 | | | | | | | | | | | |
| Supplies: Paying Agency | | | | 430.000 | | | | | | | | |
| Supplies: AIS | | | | 150.000 | | | | | | | | |
| Cumulated | 2.250.000 | | | 2.830.000 | | | | | | | | |
| Disbursed | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | |
| Twinning: Paying Agency | 775.000 | | | 620.000 | | | 155.000 | | | | | |
| Service: AIS | 210.000 | | 210.000 | | 210.000 | | 70.000 | | | | | |
| Supplies: Paying Agency | | | | 258.000 | | | | 172.000 | | | | 60.000 |
| Supplies: AIS | | | | 90.000 | | | | 60.000 | | | | 60.000 |
| Cumulated | 985.000 | | 1.195.000 | 2.163.000 | 2.373.000 | | 2.598.000 | 2.830.000 | | | | 2.598.000 |

ANNEX III - Description of Institutional Framework

MINISTRY OF AGRICULTURE, FORESTRY AND WATER ECONOMY - Department of agriculture policy analyses

Mandate of the Ministry / Department

The Law on Organisation and Operation of the State Administration Bodies (“Official Gazette of RM” No. 58/00 and 44/02) defines the competence of the Ministry of Agriculture, Forestry and Water Economy related to agriculture and rural development, forestry and water economy, utilisation of agricultural land, forests and other natural resources, hunting and fishery, protection of livestock from diseases and pests, monitoring and exploring the water conditions, maintaining and improving the waters regime and other items defined with the Law. DAPA is organised as separate Department within the Ministry, with several units within the Department with major competency in policy analyses and management of information systems in the agriculture field.

Brief job description of the units within the Department:

- *Unit for monitoring agriculture markets*

The main objective of the unit is to establish AMIS in the country according requirements and EU standards. A wider objective of Agricultural Market Information System (AMIS) is permanent monitoring and provision of transparent review of agricultural production through the movements of the prices of food markets, collection and processing of market data for the products and traded quantities as well. Timely and relevant data on markets should provide support to decision making process in agricultural policy formulation likewise strengthen the position of national agricultural sector on domestic and foreign markets;

- *Unit for farm register*

The objective of the Farm Register is to have an integrated and shield register of agricultural holdings by setting of unique farm identification number, carrying the information important for effective decision-making and policy implementation. Established network of inter-connected registers is a source for multidimensional data warehouse serving the analytical needs and policy planning, but also for policy implementation purposes. The Farm Register will be used to provide central management with this decentralisation system;

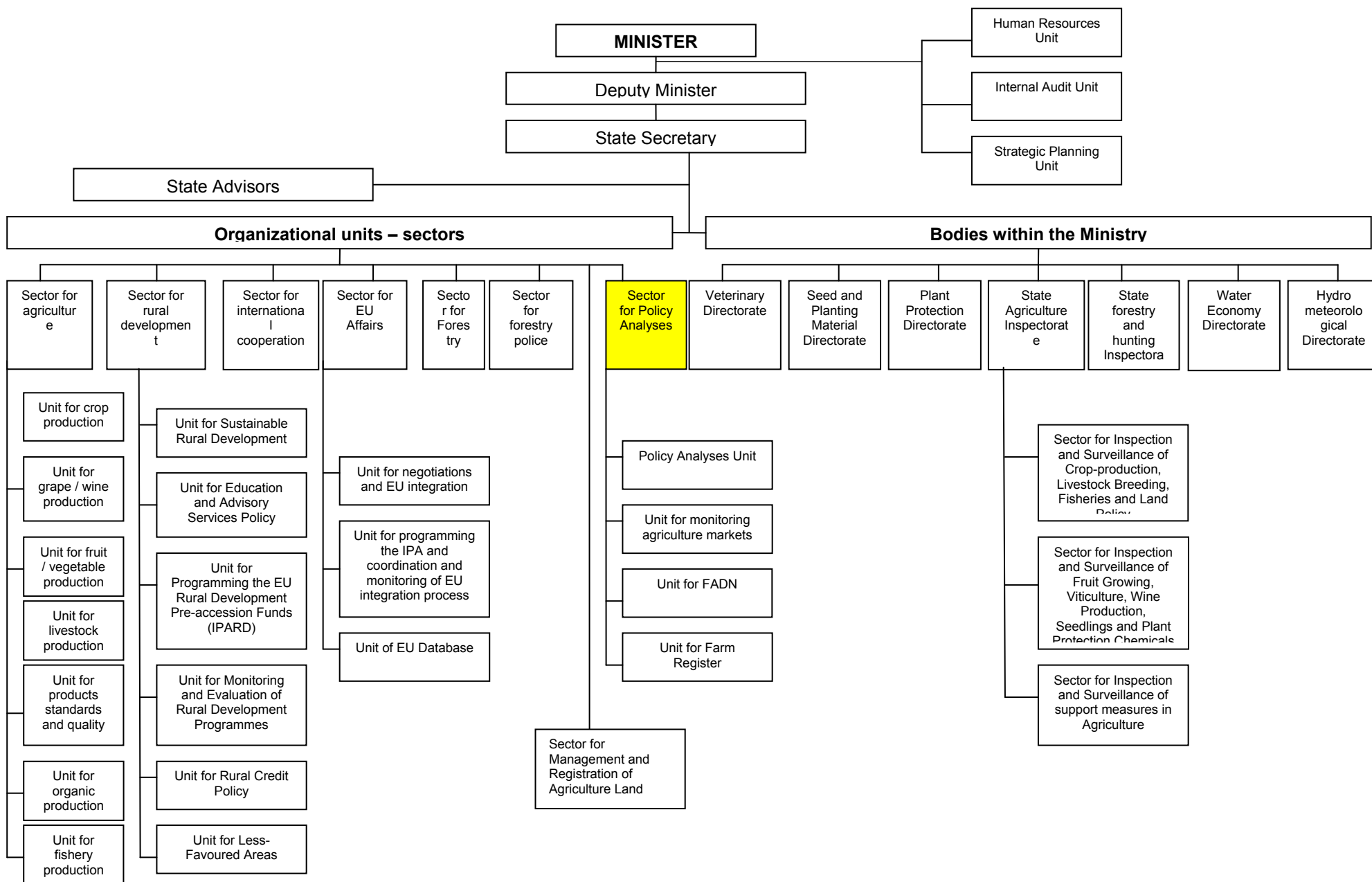
- *Policy analyses unit*

The main objective of the unit is to process all agricultural information from production, processing and trade and compare with the policy targets in the planning documents of institution and government. The unit is publishing annual reports in cooperation of State Statistical Office for the status of agricultural and food industry;

- *FADN unit*

The process of collecting data from selected agricultural holdings for FADN purposes is of great importance for obtaining quality data. Also the validation system is extremely important in FADN system. Data collected for FADN purposes have to be checked in order to obtain reliable data as well as to meet the quality requirements of European FADN (RICA system). Before FADN Farm Return is send to RICA they have to be very carefully tested on the level on data processing by NEA and on the level of FADN Liaison Agency.

The organisation chart of the MAFWE (DAPA) is presented further below:



AGENCY FOR FINANCIAL SUPPORT IN AGRICULTURE AND RURAL DEVELOPMENT

Mandate of the Agency

The Agency for Financial Support in Agriculture and Rural Development was given a mandate with the Law on establishing the Agency which came into force on 02.06.2007.

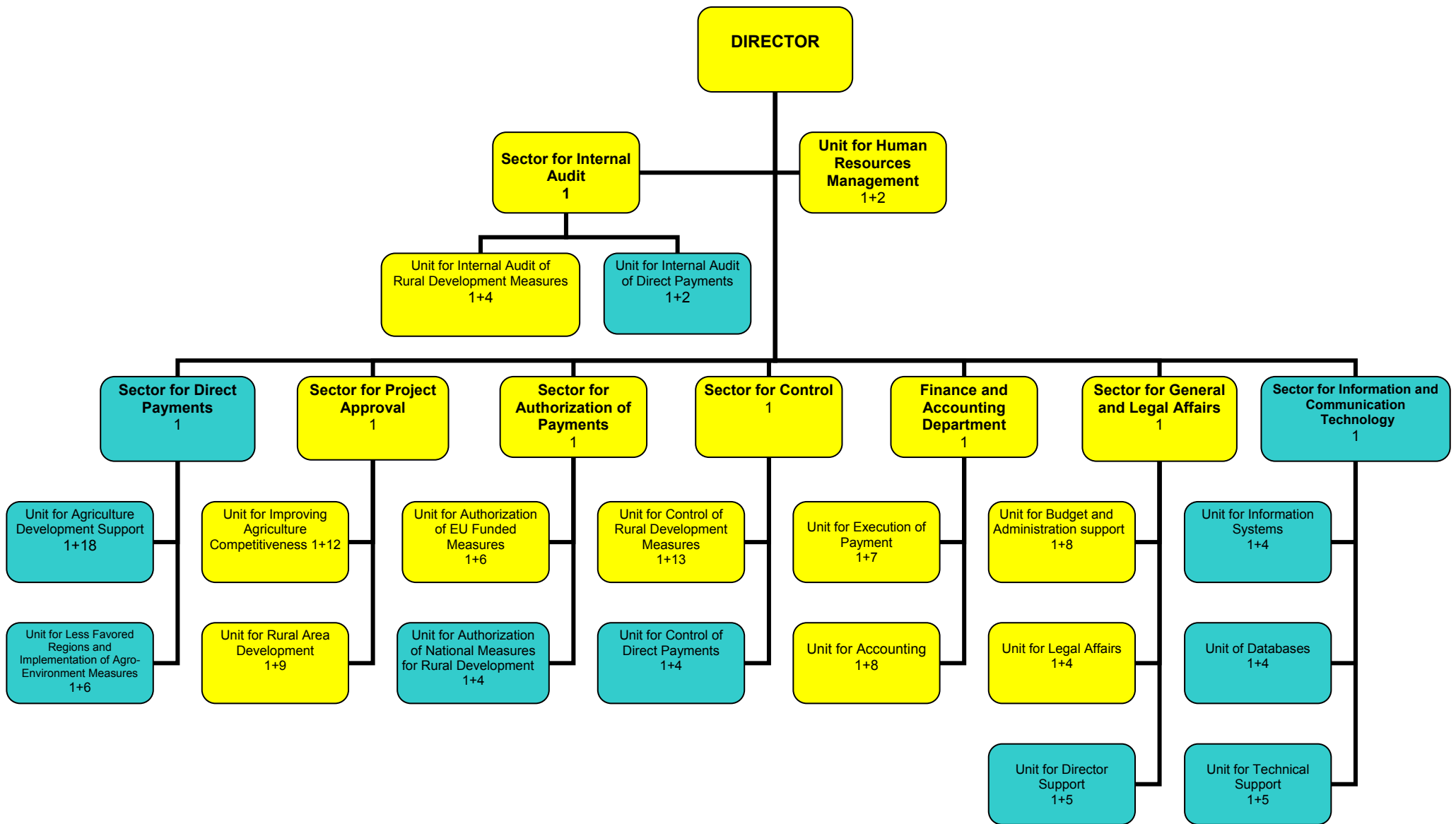
Article 1 of this law reads: This Law shall regulate the establishment, competences, organisation and the manner of performing the work and management of the Agency for Financial Support of Agriculture and Rural Development and shall determine the sources of funding and their purpose, as well as other issues of relevance to the development of agriculture and rural areas.

The total number of employees within the Agency for Financial Support in Agriculture and Rural Development as of 31.08.2010 is 97.

Brief job description of the sectors and units within the Agency:

- *Sector for Approval of Projects*: main function is to receive the project applications and to evaluate the project application before approving it;
- *Sector for Authorisation of Payment*: main function is to receive the claim for payment and to perform necessary control of the eligibility of the costs occurred during realisation of the investment;
- *Sector for Control*: main function is to control the investment before approval according the request from the Sector for Approval of Project, to control the realisation of the investment before payment and to perform ex-post control of the investment;
- *Sector for Finance and Accounting*: main function is to execute the payment and to record the payments which are executed
- *Sector for General and Legal Affairs*: main function is to give administrative and legal support to the Agency;
- *Sector for Internal Audit*: main function is to perform audit of the administrative and financial work of the Agency and possible delegated bodies, thus examining all operating functions of the Agency;
- *Sector for Information and Communication Technology*: main function is to give ICT support to the working process of the Agency by creating secure IT system, data base and provide technical support to the ICT system;
- *Unit for Human Resources*: main functions are keeping and updating the personal records of the Agency's civil servants and their personal files, carrying out employment procedure within the Agency for the purpose of occupying the available work posts, taking care of the rights and liabilities coming out of the employment contract of each of the Agency's employees, preparation and implementation of the human resources development program within the Agency, preparing the monthly allowances for the Agency employees, identifying necessary, and proposing training programs for the Agency's employees;
- *Sector for National Payments*: execution of National payments schemes related to agriculture and rural development.

The organisation chart of the Paying Agency is presented further below:



Legend:

- Organization units which are subject of accreditation by the European Commission
- Organizational units which are not subject of accreditation by the European Commission
- total: 149 expected employees + 1 director = 150

ANNEX IV - Reference to laws, regulations and strategic documents

Reference list of relevant laws and regulations

Key laws and regulations in the sector:

- Law on Establishment of Agency for Financial Support of Agricultural and Rural Development, 2007;
- Law on quality of agriculture products, 2010;
- Law on Agriculture and Rural Development, 2010;
- Law on establishing a network for collection of farm accounting data, 2007;
- Law on Agricultural Inspection, 2009;
- Law on Organic Agricultural Production, 2009;
- Law on Organisation and Operation of the State Administrative Bodies, 2000;
- Law on Establishing National Extension Agency, 1998;
- Rulebook on the establishment of the Register of farm holdings (Farm Register) in the Republic of Macedonia, 2008.

The Law on Agriculture and Rural Development (Official Gazette of the Republic of Macedonia no. 49/10) was recently enacted and, as an umbrella law, it provides basis to regulate the fields of direct support and market measures in agriculture, thereby, regulating the area of Integrated Administrative and Control System, as part of the overall AIS. In addition to this, the Law on quality of agriculture products (Official Gazette of the Republic of Macedonia no. 140/10), that has also been recently enacted (October 2010), provides a general frame as to the information provision (type, frequency and suppliers of information) for the most important market commodities in the area of agriculture for the Republic of Macedonia, in accordance with the provisions governing market organisation at the EU level (Regulation EC no. 1234/2007). Finally, relevant to the AIS, the Law on establishing a network for collection of farm accounting data, 2007 (Official Gazette of the Republic of Macedonia no. 110/07), regulates the establishment of FADN in the Republic of Macedonia. All aspects relevant for the Project/Area 1 of the Project Fiche are regulated within the Law on Establishment of Agency for Financial Support of Agricultural and Rural Development, 2007.

Reference to AP/NPAA/SAA

Reference to Accession Partnership 2009

The program will address the following AP short term priorities: “Ensure collection and processing of sound and reliable agricultural data”; “Continue preparations to establish effective and financially sound paying bodies for the management and control of agricultural funds, in line with EU requirements and international auditing standards”. In addition, the program will reflect on the medium-term priority to upgrade the capacity of the agricultural administration and complete preparations for enforcement and practical application of the management mechanisms of the common agricultural policy.

Reference to national/ sectoral investment plans:

The project directly links to the following key strategies and action plans in the sector (see for a more extensive list annex 3):

- Strategy for the Development of Agriculture and Rural Development for the period 2007-2013;
- National Strategy with an Action Plan for Organic Agriculture Production in the Republic of Macedonia 2008-2011;

- Operational programme under the EU instrument for pre-accession for rural development (IPARD) 2007-2013;
- National Strategy for Development of Electronic Communication and Information Technologies.

ANNEX V - Details per EU funded contract

Management and contracting arrangements

Individual Steering Committees will be an integral part of each Service and Twinning Contract.

Advisory services will be provided to the beneficiary. The contracts to support the project will contain expertise to assist in key tasks, e.g. in the field of administrative capacity building, training, IT development, legal development and others. Some of these experts will address cross-cutting issues. The core project team – expertise will be placed within the respective units.

Appropriate overall management, representation (co-ordination with the EU and other international bodies) as well as reporting will be ensured, as well as management of resources. During the inception phase of the project, a detailed deployment plan will be developed under the coordination of the Senior Programme Officer and the Steering Committee in which each co-operating national institution will be represented to ensure appropriate inclusion.

In addition to this and in order to avoid overlap and ensure complementarity of activities between different projects (i.e. IPA-TAIB projects and other relevant projects in an area) appropriate inclusion of representatives of the beneficiaries of these projects within the Steering Committee will be ensured.

The expected contracting arrangements are:

- 1 Twinning project will be developed for the implementation of activities under area/project 1: Transition of AFSARD to a comprehensive Paying Agency. The contract has an expected duration of 18-20 months and is expected to start at Q1 of 2013. The budget of this contract will be approximately 1.550.000 EUR, of which IPA funds 1.472.500 EUR and national contribution 77.500 EUR;
- 1 service contract, for the implementation of activities under area/project 2: Agriculture Information System upgrade and establishment of data exchange system between MAFWE and other relevant institutions. The contract has an expected duration of 15-18 months, and is expected to start at Q1 of 2013. The budget of this contract will be approximately 700.000 EUR, of which IPA funds 630.000 EUR and national contribution 70.000 EUR;
- 1 supply contract is expected to be concluded to provide IT equipment for Area/Project 1: Transition of AFSARD to a comprehensive Paying Agency. The contract has an expected duration of 20-24 months including the warranty period and contract signature is foreseen in Q4 2013. The supply contract will represent a follow up of the hardware supply performed by the World Bank Project as described in the Background of the Project Fiche. The contract will focus on the hardware equipment needed to provide a complete internal control system and connection to the existing agriculture registers established in MAFWE, with precise needs identified by and technical specifications developed by the winner of the Twinning contract. The budget of this contract will be approximately 430.000 EUR, of which IPA funds are 322.500 EUR and national contribution 107.500 EUR;
- 1 supply contract is expected to be concluded to provide IT equipment for Area/Project 2: Agriculture Information System upgrade and establishment of data exchange system between MAFWE and other relevant institutions. The contract has an expected duration of 20-24 months including the warranty period, and contract

signature is expected to be in Q4 2013. The contract will ensure procurement of additional equipment and software, necessary for data collection, exchange and processing, in accordance with the newly established methodology and principles, upgraded to allow data exchange and notifications in accordance with the prevailing methodology and procedures within the EU at the time of project implementation. Precise needs will be identified, and technical specifications developed, by the winner of the service contract. The budget of this contract will be approximately 150.000 EUR, of which IPA funds 112.500 EUR and national contribution 37.500 EUR.

Appendix 1 – Strategic activities of the European integration process foreseen in the areas of agriculture and rural development in the Republic of Macedonia

| | Activities | 2008 | | | | 2009 | | | | 2010 | | | | 2011 | | | | 2012 | | | | 2013 | | | | 2014 | | | | 2015 | | | | Ref. | |
|-------------------|------------------------|--------------------------------|-------------------|----|----|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|------|--|--|--|------|-----|
| | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | | | | | | |
| Horizontal Issues | D.Payment | Direct Payments (N) | a | a | a | a | a | a | a | a | a | a | a | a | | | | | | | | | b | b | b | b | b | b | b | b | | | | | N01 |
| | | Direct Payments (N-WB) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N02 |
| | | Direct Payments (IPA'08) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N03 |
| | | Direct Payments (IPA'09) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N04 |
| | | Direct Payments (IPA'13) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N05 |
| | AFSARD | AFSARD (N) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N06 |
| | | AFSARD (N-WB) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N07 |
| | | AFSARD (SIPP) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N08 |
| | | AFSARD (IPA'08) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N09 |
| | | AFSARD (IPA'09) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N10 |
| | | AFSARD (IPA'11) EAGF | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N11 |
| | | AFSARD (IPA'11) EAFRD | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N12 |
| | | AFSARD (IPA'11) State Aid | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N13 |
| | | AFSARD (IPA'13) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N14 |
| | | Agriculture Information System | Farm Register (N) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Farm Register (N-WB) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N16 |
| | Farm Register (IPA'08) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N17 |
| | Farm Register (IPA'09) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N18 |
| | Farm Register (IPA'11) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N19 |
| | LPIS (N) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N20 |
| | LPIS (N-WB) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N21 |
| | LPIS (IPA'08) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N22 |
| | LPIS (IPA'09) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N23 |
| | LPIS (IPA'11) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N24 |
| | AMIS (N) | | a | a | a | a | | | | | | | | | b | b | b | b | | | | | c | c | c | | | | | | | | | | N25 |
| | AMIS (N-WB) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N26 |
| | AMIS (IPA'08) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N27 |
| | AMIS (IPA'11) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N28 |
| | FADN (N) | | | | | | a | a | a | a | | | | | b | b | b | b | b | b | b | b | | | | | | | | | | | | | N29 |
| | FADN (N-WB) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N30 |
| | FADN (IPA'11) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N31 |
| | FADN (IPA'12) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N32 | |

| | Activities | 2008 | | | | 2009 | | | | 2010 | | | | 2011 | | | | 2012 | | | | 2013 | | | | 2014 | | | | 2015 | | | | Ref. | |
|-----------------------------|----------------------|------------------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|------|-----|
| | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | | |
| CMO | CMO (N) | | | | | a | a | a | a | a | a | | | | | | | b | b | b | b | b | b | b | b | b | | | | | | | | N33 | |
| | CMO (N-WB) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N34 | |
| | CMO (IPA'08) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N35 | |
| | CMO (IPA'12) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N36 | |
| | CMO (IPA'13) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N37 | |
| Rural Development & Organic | National | RD (N) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N38 |
| | | RD (SIPP) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N39 |
| | | RD (IPA'08) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N40 |
| | | RD (IPA'08) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N41 |
| | | RD (IPA'09) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N42 |
| | IPARD | RD (IPA'09) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N43 |
| | | RD (IPA'12) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N44 |
| | | IPARD (N) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N45 |
| | | IPARD (SIPP) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N46 |
| | | IPARD (IPARD TA) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N47 |
| Organic | Organic | Organic (N) | a | a | a | a | a | a | a | a | a | a | a | a | | | | | b | b | b | b | b | b | b | b | b | b | b | b | | | | | N48 |
| | | Organic (IPA'09) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N49 |
| | Organic (N / IPA'13) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N50 | |
| | Quality | Quality (N) | a | a | a | a | a | a | a | a | a | a | a | a | | | | | b | b | b | b | b | b | b | b | b | b | b | b | | | | | N51 |
| Quality (IPA'09) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N52 | |
| | Quality (N / IPA'13) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | N50 | |

N: National scheme
N-WB: National scheme under the ASA Project financed through the World Bank loan
IPA: Instrument of pre-accession assistance (1st Component)

Notes:

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| N01: | (a) Preparation and set-up activities for the introduction of direct payments scheme in Macedonian agriculture and development of support schemes in accordance with the EU principles (legal acts introducing the principles and policies – Law on agriculture and rural development: Direct payment, IACS, Cross-compliance) (b) preparation of additional legal acts regulating the area and implementation of established direct payments systems |
| N02: | Activities under the first component of the ASA Project (WB loan) mainly related to procurement of equipment (hardware + software), vehicles and other investments related expenditures of the MAFWE necessary for implementation of the direct payments scheme (equipment, software and facilities for the establishment of Farm Register and LPIS, as part of IACS) |
| N03: | Activities under the IPA-2008 project on introduction of AE measures, principally related to the production of approach and road map for transition from agri-environment measures under IPARD to full introduction of control and sanctions of Cross Compliance as a requisite for the direct payments within SPS/SAPS under EAGF. |
| N04: | Activities under the IPA-2009 Twinning Project on Introduction of cross-compliance into the Direct payment scheme, in particular enacted legislation/adopted regulations and introduced cross-compliance into the direct payments scheme, including definition and introduction of statutory management requirements in the areas of public, animal and plant health, environment and animal welfare and good agricultural and environmental conditions, definition of detailed rules for reductions and exclusions from the direct support scheme, as well as development of human resource capacity within the administration in control and sanctions of cross compliance and cross-compliance implementation, |
| N05: | Additional activities of policy / legal / institutional alignment in the area, if necessary, subject to the reforms of the CAP and the introduction of different activities/measures under the new Programming Period 2013-2020 |
| N06: | Activities related to the establishment of the Agency for Financial Support of Agriculture and Rural Development (AFSARD) related to enactment of the legislation enabling the establishment of the Agency, staffing of the Agency, including appropriate training activities, activities related to implementation of national support scheme and preparation of procedures related to implementation of IPARD. |
| N07: | Activities under the second component of the ASA Project (WB loan) mainly related to procurement of equipment (hardware + software), vehicles and refurbishing the office facilities of the AFSARD necessary for implementation of the responsibilities under the national policy as well as for the implementation of IPARD and EI processes in general. |
| N08: | Activities realised under the SIP Project (CARDS 2006) to build up and strengthen institutional capacities of the Agency for Financial Support of Agriculture and Rural Development (IPARD Agency), enabling full preparation of the Agency and implementation of EU co-financed rural development programmes - IPARD. |
| N09: | Activities under the IPA-2008 CMO project related to the AFSARD related to training needs assessment, followed by training plan development and implementation with specific reference to management and control of agricultural funds dedicated to direct payments and CMO measures; implementation of new public measures as proposed in the IPARD Programme (rural infrastructure and LEADER); and in relation to CMO measures; and support to producer groups and organisations in the context of market measures and direct payments (Pillar 1) |
| N10: | Activities related to AFSARD under the projects of IPA-2009 i.e. Twinning Project on Cross-Compliance and the Project on introduction of AE measures, i.e. development of Agency's' capacity to manage and control agri-environmental support programmes, including the development of appropriate methodology for payment calculations and agri-environmental schemes on farm level |
| N11: | Activities focusing on preparation of working procedures that will be designed according the rules under EAGF, in terms of: - identification of the community legislation and deep legal analysis that will help identify the area of assistance concerning Law on AFSARD and all internal rules of procedure |

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| | <ul style="list-style-type: none"> - design of Training plan on the base of requirements from the regulations and rules for Paying Agency that staff should be familiar with - identification of new control mechanisms and control points, with design of checklists for administrative and on the spot control - drafting procedures for work for direct payments under the rules of CAP - finalisation of the procedures for work - preparation of manuals on identification of irregularities and recovery of funds but on the basis of the appropriate community legislation |
| N12: | <p>Activities focusing on preparation of working procedures that will be designed according the rules under EAGF, in terms of:</p> <ul style="list-style-type: none"> - identification of the community legislation and deep legal analysis that will help identify the area of assistance concerning Law on AFSARD and all internal rules of procedure - design of Training plan on the base of requirements from the regulations and rules for Paying Agency that staff should be familiar with - identification of new control mechanisms and control points, with design of checklists for administrative and on the spot control - identification of target groups, design of internal working groups that will work on communication, publicity etc, and raise of public awareness, - finalisation of the procedures for work - preparation of manuals for work that will help in the process of identification of irregularities and recovery of funds but on the basis of the appropriate community legislation |
| N13: | Activities related to identification of the link between national and EU legislation in connection to Agriculture and State Aid and establishment of working procedures and calculation of the state aid or general amount that can be granted |
| N14: | Activities under this project are related to the institution set-up of post accession Paying Agency |
| N15: | basic activities setting the preconditions for FR establishment (legal acts and definition of activities and responsibilities) |
| N16: | <ul style="list-style-type: none"> - establishment of FR (paper based), registration of holdings - procurement of necessary hardware and establishment of the software for electronic FR - data input on farm holdings property and entitlements - permanent renewal and modification of the data through the regional offices in accordance with the changes within the holdings |
| N17: | Additional upgrade of the system and its connection with the LPIS |
| N18: | Introduction of all registers and databases within the FR and their cross-connection for the purposes of the IACS |
| N19: | Activities foreseen under the proposed Project Identification Sheet |
| N20: | basic activities setting the preconditions for LPIS establishment (legal acts and definition of activities and responsibilities) |
| N21: | <ul style="list-style-type: none"> - procurement of necessary hardware and software - acquisition of aerial photos, ortophoto and Digital Terrain Model production - establishment of physical land blocks and parcellisation of the land (basic layer) |
| N22: | <ul style="list-style-type: none"> - input of farmers data through the regional offices - expansion of the LPIS with additional layers |
| N23: | <ul style="list-style-type: none"> - cross-connection with other land-based registers - cross-connection of data with the FR for the purposes of IACS |
| N24: | Activities foreseen under the proposed Project Identification Sheet |

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| N25: | (a) - basic activities setting the preconditions for AMIS establishment (b) - expansion of products coverage and, establishment of on-line data entering system and national accreditation of the system (c) - regional exchange of data and review of the legislation and procedures for full approximation to EU MS systems and improvement of the methods of data delivery and acquisition |
| N26: | Activities related to institutional set-up of the system, equipment procurement and development of price data reporting systems and actors (market reporters and private companies) |
| N27: | Upgrade of the system in accordance with the outputs related to CMOs, particularly in terms of quality and grading of products |
| N28: | Activities foreseen under the proposed Project Identification Sheet |
| N29: | a - basic activities setting the preconditions for FADN establishment, designation of staff and establishment of necessary institutional linkages b - data collecting and processing and testing the relevance of the data produced, exchange of data and experience with the EC |
| N30: | - procurement of hardware and software - establishment of the institutional structure (Liaison Agency and National Committee) - upgrade of the legal base - production of Standard Output Coefficients, Farm Return Data and Farm Typology and the Plan for selection of representative farms participating in the network |
| N31: | Activities foreseen under the proposed Project Identification Sheet |
| N32: | Activities under this intervention relates to exchange experiences on FADN with an EU Member State/s and improving the quality of data collected, the system of data quality check by upgrading the existing system of test and establishment of new advanced tests for quality control of data in the FADN |
| N33: | (a) preparation of the basic acts regulating the area of CMO establishment i.e. enacting of Law on agriculture and rural development (horizontal CMO aspects: vertical and horizontal integration - POs and PGs and market interventions) and the Law on quality of agriculture products (general production requirements, marketing standards and marketing and classification, checks, controls and inspection on the market on most important CMO products in Republic of Macedonia). (b) preparation of additional legal acts regulating the area (non-CMO products, other CMO products), and implementation of established systems under IPA-08 intervention |
| N34: | Institutional set-up and initial development of Agriculture Market Information System |
| N35: | Activities under this project are related towards additional approximation of the national legislation with the Acquis in the CMO area, reorganisation of relevant department within MAFWE related to CMO, as well as institutional strengthening and development of all relevant structures for the design, implementation and control of CMO and CMO policies within RoM (both in MAFWE and AFSARD). |
| N36: | Potential activities under this project should relate primarily to CMO development in the area of cereals, tobacco and sugar, as well as assistance in the implementation of CMO of pig meat, in terms of TA for the preparation of national formula for pig carcasses and implementation of SEUROP standards |
| N37: | Potential activities under this project should relate to the development and introduction of implementation system for quota management and licensing of trade with CMO commodities in accordance with the applicable Acquis. |
| N38: | Preparation and set-up activities for the introduction of rural development measures in Macedonian agriculture and development of support schemes for rural development in accordance with the EU principles (legal acts introducing the principles, policies, axis and measures of rural development – Law on agriculture and rural development) |
| N39: | Activities realised under SIP Project (CARDS 2006) related to preparatory activities for Agri-environment measures and preparatory activities for support to local development (LEADER approach) |

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| N40: | Activities foreseen under IACS/LPIS project of IPA-2008 related to the necessary adjustment and extension of IACS/LPIS due to the introduction of the Single Payment Scheme and particularly Cross Compliance, as well as the development of the software system (AEMIS) for agri-environment measures and LFA compatible with IACS. |
| N41: | Activities under AE project of IPA-2008 related to development and implementation of Agri-environment measures and institutional capacity building to implement preparatory actions for agri-environmental measures focusing on programming, monitoring and evaluation of agri-environmental measures as well as establishment of appropriate systems for implementation, control and reporting in line with EU. |
| N42: | Activities foreseen under Cross-compliance Twinning project of IPA-2009 related to definition and introduction of minimum requirements for Good agricultural and environmental conditions and Statutory management requirements. |
| N43: | Activities foreseen under IACS/LPIS project of IPA-2009 related to LPIS upgrade with inclusion of layers of Environmental Sensitive Areas (Nitrate sensitive areas + Natura 2000 areas), as well as layer related to cross-compliance (areas respecting the Good Agriculture and Environmental Conditions) |
| N44: | Activities foreseen under this project regarding the establishment and development of an advisory services system in accordance with the EU rural development policy |
| N45: | Preparatory activities for IPARD Programme development (legislative and institutional), adoption of the IPARD Programme (25.02.2008) and its subsequent modifications. |
| N46: | Activities realised under SIP Project (CARDS 2006) related to preparatory activities of the IPARD Managing Authority for Agri-environment measures and activities for support to local development (LEADER approach) |
| N47: | Under the IPARD Programme Technical Assistance Measure is foreseen for activities related to preparation, monitoring, evaluation, information and control activities which are necessary for the preparation of the foreseen measures under the Programme. |
| N48: | <p>(a) - Introduction of the Organic Policy under the Support Programmes for Agriculture within the MAFWE - Development of a Strategy on Organic Agriculture Production in the Republic of Macedonia - Enactment of the Law on organic agriculture production (2009) and its bylaws (2010) - Initial design and set-up for the necessary systems for control, certification and authorisation of the organic production - National Info Campaign on organic production</p> <p>(b) preparation of additional legal acts regulating the area and implementation of established systems under IPA-09 intervention</p> |
| N49: | Realisation of a Twinning Project for the purposes of Reinforcement of the institutional and administrative capacity of the Republic of Macedonia in the area of organic agricultural production, in terms of implementation of the enacted legislation and strengthening the competent authorities for implementation and appropriate institutional set up for information exchange, control, certification and supervision of organic production, including laboratory capacities. |
| N50: | Additional activities of policy / legal / institutional alignment in the area, if necessary, subject to the reforms of the CAP and the introduction of different activities/measures under the new Programming Period 2013-2020 |
| N51: | <p>(a) Preparation of the basic acts regulating the area of quality protection schemes establishment i.e. enacting of Law on quality of agriculture products and its basic bylaws, as well as restructuring the Ministry structure in accordance with the needs for these systems establishment.</p> <p>(b) preparation of additional legal acts regulating the area and implementation of established systems under IPA-09 intervention</p> |
| N52: | Strengthening of the administrative capacity of the Ministry of Agriculture, Forestry and Water Economy for the implementation of the National Quality Protection Policy, including the establishment of the comprehensive system for development and quality protection of agriculture products and foodstuffs (PDO, PGI and TSG) in Republic of Macedonia and strengthened diversification and added value of agricultural production to the benefit of agricultural producers/processors |

Appendix 2 – Activities related to capacity building of AFSARD

| Activities | 2012 | | | | 2013 | | | | 2014 | | | | Description |
|--|------|----|----|----|------|----|----|----|------|----|----|----|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | |
| A. Component for approximation of the working procedures in line with EAGF | | | | | | | | | | | | | - basic activities focusing on preparation of working procedures that will be designed according the rules under EAGF |
| - identification of community legislation that has to be harmonised with the Law for Establishing AFSARD | | | | | | | | | | | | | - identification of the community legislation and deep legal analysis that will help identify the area of assistance concerning Law on AFSARD and all internal rules of procedure |
| identification of rules of implementation of the assistance according EAGF | | | | | | | | | | | | | - identification of the community legislation and deep legal analysis that will help identify the area of assistance concerning Law on AFSARD and all internal rules of procedure |
| design of Training Plan for the employees | | | | | | | | | | | | | - Design of Training plan on the base of requirements from the regulations and rules for Paying Agency that staff should be familiar with |
| establishing new control mechanisms, for administrative control and for on the spot control | | | | | | | | | | | | | - identification of new control mechanisms and control points, with design of checklists for administrative and on the spot control |
| establishing procedures for direct payments under the rules of the CAP | | | | | | | | | | | | | - drafting procedures for work |
| prepare working procedures on the bases of community requirements | | | | | | | | | | | | | - finalisation of the procedures for work |
| identification of irregularities, frauds and amounts to be recovered | | | | | | | | | | | | | - preparation of manuals for work that will help in the process of identification of irregularities and recovery of funds but on the basis of the appropriate community legislation |
| B. Component for approximation of the working procedures in line with EAFRD | | | | | | | | | | | | | - basic activities focusing on preparation of working procedures that will be designed according the rules under EAFRD |
| identification of community legislation that has to be harmonised with the Law for Establishing AFSARD | | | | | | | | | | | | | - identification of the community legislation and deep legal analysis that will help identify the area of assistance concerning Law on AFSARD and all internal rules of procedure |
| identification of rules of implementation of the assistance according EAFRD | | | | | | | | | | | | | - identification of the community legislation and deep legal analysis that will help identify the area of assistance concerning Law on AFSARD and all internal rules of procedure |
| design of Training Plan for the employees according the measures to be implemented (Axis 1,2 ,3 and 4) | | | | | | | | | | | | | - Design of Training plan on the base of requirements from the regulations and rules for Paying Agency that staff should be familiar with |
| establishing new control mechanisms, for administrative control and for on the spot control | | | | | | | | | | | | | - identification of new control mechanisms and control points, with design of checklists for administrative and on the spot control |

| Activities | 2012 | | | | 2013 | | | | 2014 | | | | Description |
|--|------|----|----|----|------|----|----|----|------|----|----|----|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | |
| design of strategic approach towards implementation of Rural Development measures | | | | | | | | | | | | | - raise of public awareness, - design of internal working groups that will work on communication, publicity etc - identification of target groups |
| establishing procedures for payment | | | | | | | | | | | | | - design of working procedure for authorisation of payment for |
| prepare working procedures on the bases of community requirements | | | | | | | | | | | | | - finalisation of the procedures for work |
| identification of irregularities, frauds and amounts to be recovered | | | | | | | | | | | | | - preparation of manuals for work that will help in the process of identification of irregularities and recovery of funds but on the basis of the appropriate community legislation |
| C. Preparation of procedures for application of the state aid rules | | | | | | | | | | | | | |
| identification of the rules for state aid applicable for community support | | | | | | | | | | | | | - correlation with community legislation |
| implementation of the rules for state aid deriving from the national legislation | | | | | | | | | | | | | - identification of the link between national and EU legislation in connection to Agriculture and State Aid |
| procedure for identification of the maxim amount that can be granted to farmers under the rules of state aid | | | | | | | | | | | | | - establishment of working procedures and calculation of the state aid or general amount that can be granted |
| identification of community standards that need to be adopted by the farmers who receive state aid support | | | | | | | | | | | | | |
| Change of internal act of systematisation | | | | | | | | | | | | | |
| Change of Act on Internal Organisation of AFSARD | | | | | | | | | | | | | |

Appendix 3 – Activities related to “Agriculture Information System upgrade and establishment of data exchange systems”

| Activities | 2011 | | | | 2012 | | | | 2013 | | | | Description |
|-------------------------------|------|----|----|----|------|----|----|----|------|----|----|----|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | |
| <i>Farm Register (IPA'08)</i> | | | | | | | | | | | | | additional upgrade of the system and its connection with the LPIS |
| <i>Farm Register (IPA'09)</i> | | | | | | | | | | | | | Introduction of all registers and databases within the FR for the purposes of the IACS |
| Farm Register (IPA'11) | | | | | | | | | | | | | assessment of data quality of FR (IACS) as part of an integrated information system |
| Farm Register (IPA'11) | | | | | | | | | | | | | upgrade of the system in accordance with the assessment and/or EU MS experience |
| Farm Register (IPA'11) | | | | | | | | | | | | | introduction/upgrade of national rules governing relevant part of IACS/DP in terms of ISAMM |
| Farm Register (IPA'11) | | | | | | | | | | | | | connection and relevant data exchange with the EU services |
| <i>LPIS (IPA'08)</i> | | | | | | | | | | | | | input of farmers data through the regional offices and expansion of LPIS with additional layers |
| <i>LPIS (IPA'09)</i> | | | | | | | | | | | | | cross-connection with other land-based registers and with the FR for the purposes of IACS |
| LPIS (IPA'11) | | | | | | | | | | | | | assessment of data quality of LPIS (IACS) as part of an integrated information system |
| LPIS (IPA'11) | | | | | | | | | | | | | upgrade of the system in accordance with the assessment and/or EU MS experience |
| LPIS (IPA'11) | | | | | | | | | | | | | introduction/upgrade of national rules governing relevant part of LPIS/DP in terms of ISAMM |
| LPIS (IPA'11) | | | | | | | | | | | | | connection and relevant data exchange with the EU services |
| <i>AMIS (N)</i> | b | b | | | | c | c | c | | | | | (b) expansion of products coverage and on-line data entering and (c) - regional exchange of data |
| <i>AMIS (IPA'08)</i> | | | | | | | | | | | | | system upgrade according to CMOs outputs, particularly in terms of quality/grading of products |
| AMIS (IPA'11) | | | | | | | | | | | | | review of the legislation and procedures for full approximation to EU MS AMIS system |
| AMIS (IPA'11) | | | | | | | | | | | | | improvement of the methods of data delivery and acquisition |
| AMIS (IPA'11) | | | | | | | | | | | | | introduction/upgrade of national rules governing relevant part of AMIS in terms of ISAMM |
| AMIS (IPA'11) | | | | | | | | | | | | | connection and relevant data exchange with the EU services |
| <i>FADN (N)</i> | b | b | b | b | b | b | b | b | | | | | data collecting / processing and testing the relevance of the data produced, exchange of data |
| FADN (IPA'11) | | | | | | | | | | | | | assessment of FADN data quality as part of an integrated information system |
| FADN (IPA'11) | | | | | | | | | | | | | interconnectivity with the information on the Economic Account in Agriculture (EAA) |
| FADN (IPA'11) | | | | | | | | | | | | | developing capacities and skills within MAFWE for assessing the impact of the measures on agriculture and rural development, including the utilisation of EAA |
| FADN (IPA'11) | | | | | | | | | | | | | connection and relevant data exchange with the EU services |
| Other/Horizontal (IPA'11) | | | | | | | | | | | | | assessment of the existing hardware, software and administrative capacities, their comparison with an EU MS and preparation of precise technical specifications for IT equipment and software based on the identified needs |
| Other/Horizontal (IPA'11) | | | | | | | | | | | | | training activities, including Liaison Body staff |
| Other/Horizontal (IPA'11) | | | | | | | | | | | | | designation of liaison body (MAFWE) responsible for notifications and data exchange and design of detailed technical documentation on the operation and characteristics of the system |
| Other/Horizontal (IPA'11) | | | | | | | | | | | | | design of effective control measures to protect against illegal and unauthorised access and data alteration, as well as establishment of a physical protection systems |
| Other/Horizontal (IPA'11) | | | | | | | | | | | | | initial testing of the system and interconnection with the DG Agri services |

N – National scheme; IPA – Instrument of pre-accession assistance (1st Component)

