

Project Fiche – IPA National programme 2012-13 Part 2 / Component I

Support to Montenegrin agriculture to achieve IPARD requirements

1. IDENTIFICATION

Project Title	Support to Montenegrin agriculture to achieve IPARD requirements
CRIS Decision number	2012 / 024-276
Project no.	Sole project of the programme
MIPD Sector Code	8. Agriculture and rural development
ELARG Statistical code	03.11
DAC Sector code	43040
Total cost (VAT excluded)¹	EUR 8 121 685
EU contribution	EUR 3 258 308
Management mode	Centralised
Centralised management: EU Delegation in charge	Delegation of the European Union to Montenegro Vuka Karadžića 12, 81 000 Podgorica, Montenegro Telephone: +382 20 444 600 Fax: +382 20 444 666
Implementation management	Joint-management with the World Bank through an Administrative Agreement, in accordance with Article 53d 1(a) of the Financial Regulation
Implementing modality	Stand-alone project
Project implementation type	C01 – project type interventions
Zone benefiting from the action(s)	Montenegro

2. RATIONALE

2.1 Project context

The main problems/needs are how to support the process of development of a sustainable agriculture sector, to improve competitiveness and to assist alignment to the Common Agricultural Policy (CAP) and EU standards in areas such as food policy, sanitary and phytosanitary. Also, the project will support economic growth by developing the agriculture and rural development sector to help develop rural areas and support the development of a

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.

rural economy, in particular in view of Montenegro's objective to increase its tourism and agro-tourism income.

In order to address these problems a Programme for Agriculture and Rural Development of Montenegro under the IPA 2013 Rural Development Component (hereafter the "IPARD Programme") has been prepared and submitted to the European Commission for adoption. However, the operating structure for the implementation of the IPARD Programme is not yet ready for the national accreditation and conferral of management. Therefore, selected measures of the IPARD Programme will be adapted and implemented under this project.

This project will help Montenegro to start gaining experience with the management and implementation of IPA Rural Development Component type of measures before the conferral of management is granted and address the main problems mentioned above.

2.2 Link with MIPD and National Sector Strategies

The **2011-2013 MIPD** includes rural development as one of the main areas of cooperation. The document stipulates as a priority strengthening the administrative capacity in the sector of agriculture and rural development, including food safety, veterinary and phytosanitary issues, and focus preparations on setting up basic instruments and institutions for managing the CAP, in particular with regard to the paying agency and the integrated administration and control system. The timely establishment of all operational structures for implementing pre-accession assistance to rural development (IPARD) and the development of a solid basis of precise agricultural statistics are important preparatory steps which are supported under IPA Components I and V assistance projects to the sector.

The Ministry for Agriculture and Rural Development (MARD) prepared and submitted to the European Commission (DG AGRI) a final proposal for a Programme for Agriculture and Rural Development of Montenegro under IPA 2007-2013 Rural Development Component (IPARD Programme) on the 27th of April 2012.

In line with the provisions of the Council Regulation (EC) No 1085/2006, establishing an Instrument for Pre-Accession Assistance for the period 2007-2013 and its implementing regulation the Commission Regulation (EC) No 718/2007, this document is conceived as a multi-annual development programme for rural areas and proposes measures to be implemented under IPA Component V allocations and rules. The proposal of programme is harmonized with the applicable strategic documents related to Montenegrin agriculture and rural development (the Food Production and Rural Development Strategy adopted at the end of 2006 and the National Programme of Food Production and Rural Development, adopted at the end of 2008), and also based on the socio-economic analysis developed on the basis of the sectoral analyses produced previously (meat sector, dairy sector, fruit, vegetables and wine sector and fishery sector) as well as the SWOT analysis of Montenegrin agriculture and rural areas. The proposal of IPARD Programme takes also into account the national legislation setting minimum national standards related to environmental protection, public health, animal and plant health, animal welfare and safety at work, but also other relevant national legislation.

The Ministry of Agriculture and Rural Development has included the following measures in its programme:

Under the first priority axis "Improving Market Efficiency and Implementation of Community Standards":

- measure 101 – Investments in agricultural holdings;
- measure 103 – Investments in the processing and marketing of agriculture and fishery products;

Under the priority axis 3 "Development of the Rural Economy“:

- measure 302 – Diversification and development of rural economic activities

Additionally, the programme envisaged the implementation of the measure 501 - Technical assistance for the implementation of the IPARD Programme for the monitoring of the programme as well as implementation of the communication plan.

According to **Agriculture and Rural Development Strategy 2008-2012** - As far as agriculture is concerned, it will be necessary to make efforts in order to restructure the sector and to ensure better economic efficiency, competitiveness and adequate market channels along the agro-food complex. However, for further economic development of rural areas, beside the investments in rural infrastructure, it is necessary to create new jobs that are not necessarily related to primary production. Amongst the prospective economy sectors, tourism should be emphasised, where consumption trends indicate potential for further growth. Significant parts of rural areas in Montenegro have favourable natural/cultural-historic attributes for their development (rural tourism, ethno villages, gastronomic tourism, hiking, extreme sports, etc). Potential for marketing of some specific products should also be employed (organic agriculture, identification of origin, specialty products) in tourism.

According to **National program for food production and Rural Development 2009-2013** - The rural development policy is designed in a way that Montenegro solves problems in rural areas according to common principles and by using co-financing from EU funds for rural development. That support is primarily directed to raising competitiveness in food production and forestry, improving environment and quality of life in rural areas and increasing the diversity of rural economies. The policy involves all principles of modern public policy. The Strategy and the Programme serve as bases for rural development in a given region.

The National Programme necessarily involves an analysis of situations that allow defining the problems, aims and priorities of public interventions.

2.3 Link with European Partnership (EP) / Stabilization and Association Agreement (SAA) / Annual Progress Report

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

The proposed project is also in line with the European Partnership² which identifies as a key priority the need to “Continue strengthening administrative capacity for agricultural and rural development policy formulation and implementation”.

According to the **Commission Opinion on Montenegro 2011-Progress Report (SEC (2011) 1204)** there has been some progress in the field of agriculture and rural development. However, progress on policy development and on using the available financial assistance in the field of rural development has been fairly limited. In this regard, the results of the agricultural census should provide a good basis for precise agricultural statistics to advance with agriculture and rural development policy. Preparations on basic institutions for

² Council Decision on the principles, priorities and conditions contained in the European Partnership with Montenegro, signed in 2007.

programming and managing IPA Rural Development Component need to be accelerated. Overall, in the area of agriculture and rural development, alignment with the *acquis* remains at an early stage.

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

In a short term the timely establishment of the operating structure for implementing pre-accession assistance to rural development was identified as an important benchmark.

2.4 Problem Analysis

Montenegro's agriculture could benefit from the integration processes and opening of markets etc.) and develop its potential and competitive advantages by applying policy measures aiming at:

- Better valorising competitiveness and increasing export of agricultural products;
- Creating conditions for development of organic production;
- Improving education of workforce;
- Emphasizing traditional aspects and positive changes that already occurred in the last few years;
- Supporting further development of processing capacities through production of necessary raw materials and increase of value added;
- Introducing of modern technology;
- Broadening knowledge and skills of producers;
- Increasing cooperation amongst agricultural producers and food processors, which would result in higher share of market production (technology progress, increase size of production, cost-reduction, introducing quality standards).

Implementation of the Rural Development Policy will help to achieve those goals. A first step is the finalization of the IPARD Programme and the implementation of projects similar to those proposed in the IPARD Programme.

The main stakeholders who are most affected by these problems are farmers, agricultural associations, food processors and small and medium size businesses in rural areas.

The main institutional and organizational issues to be addressed are:

- Harmonization of legislation with EU *acquis*;
- Improving capacities of inspectorates;
- Improvement of research and adjusting the activities of the extension services to the development needs of agriculture in Montenegro;
- Set up and accredit the IPA Rural Development Operating Structure (Paying Agency and Managing Authority).

The main obstacle is that the national accreditation of the Operating Structure is complex and particularly demanding, given the requirements to operate under ex-post controls from the onset.

This project is important in order to start addressing the above mentioned issues and provide further support to the Operational Structure to gain experience the management and

implementation of activities similar to those planned in the upcoming IPARD Programme.

2.5 Linked activities and donor coordination

The agriculture sector has received assistance from CARDS and IPA programmes as well as from bi-lateral support, with a view to adjust the domestic agricultural policy to the principles of the EU CAP, reform institutions and build expertise to implement rural development policy and manage pre-accession assistance under IPA Rural Development Component.

IPA 2008 Twinning project “Support to Establishing of an IPARD System in Montenegro“(February 2010 – February 2012) with EU contribution of €1.5 million.

The overall objective of this project (completed in February 2012) was to strengthen the rural development policy with regard to the SAA and to harmonize the legislation with the European Union. The project purpose was to provide a strategic and legal framework to the Ministry of Agriculture and Rural Development (MARD) with a view to implementing the rural development policy with regard to requirements arising from the future pre-accession assistance in this area. The project had 3 components, as follows:

- Preparation of IPARD Programme in accordance with the rules of the European Commission;
- Establishing of a Montenegrin IPARD Agency accredited at the national level;
- Dissemination of information and transfer of experience to staff of institutions of the Beneficiary country.

The main achievements of this twinning project are the following:

- Systematisation plan including IPARD Operating Structure and related job descriptions prepared;
- Established Sector for Rural Development which has been nominated as Managing Authority³ by the Government decision (with 5 employees);
- Established Sector for Payment (future IPARD Agency, with 16 employees) and support to its activities delivered (on the World Bank MIDAS Grants Operation Manual to implement the grant scheme for M 101);
- Draft IPARD Programme for Montenegro prepared;
- First draft of Manuals for each Department of Managing Authority: First draft Manual for Department for Programming, First draft Manual for Department for Monitoring, Evaluation and Reporting and First draft Manual for Department for Coordination and Public Relations;
- First draft documents for Establishing and Functioning of the IPARD Monitoring Committee;
- First draft Memorandum of Understanding between Paying Agency and Management Authority;
- First draft Memorandum of Understanding between Paying Agency, Management Authority and National Fund;
- Initial raising awareness activities were implemented (2 awareness events);
- First draft of the accreditation package for the IPARD Operating Structure prepared;

³ On p. 20 more detailed information is given regarding Sector for Rural Development and Managing Authority in the Ministry of Rural Development and Agriculture.

- The interconnection with the IPA National Authorising Officer / National Fund was set up and the administrative and financial control framework was elaborated.

MIDAS (World Bank) Project: Montenegro Institutional Development and Agriculture Strengthening Project (June 2009 - June 2014)

The project is financed through a World Bank loan amounting to EUR 11 million, a Global Environment Fund (EGF) grant of USD 4 million and national co-financing of EUR 2.95 million. The Project development objective is to improve the delivery of Government assistance for sustainable agriculture and rural development in a manner consistent with the EU pre-accession requirements. Key outcome indicators are: (i) MARD capacity to disburse and track the use of rural development funds and to evaluate their impact in line with EU IPARD requirements; (ii) EU IPARD compatible rural development measures fully integrated in MARD support programs; and (iii) a food safety system upgraded in an EU compliant manner.

Department for Rural Development and Sector for Payment within MARD in 2011 and 2012 have finished all activities regarding a public call for investments in agricultural holdings, which was designed to stimulate the implementation of IPARD measure 101. After two years World Bank missions, all MIDAS operating structures have received the best score in terms of organizing a public call, receiving and processing applications, approval procedures and contracting projects, on-the spot control before and after investments, execution of payments, internal control procedures and procedures and implementation process of appeals against decisions of first instance bodies in the process. Under this public call, 303 applications/projects were approved for a total value of EUR 7.3 million.

Organic Agriculture Development Programme in Montenegro supported by Danish Government, (January 2009 - May 2013) amounting to EUR 2 million aims to support the development of organic agriculture and the home market consumption of organic products, including in the tourism sector, as well as export of organic products where opportunities arise. The overall strategy of the Programme is to engage all the important players in the sector and thereby develop a local market for organic products.

There are two immediate objectives of the programme:

- Institutional capacity within the Montenegrin organic agricultural sector enhanced (*the Institutional development component*);
- The competitiveness of the Montenegrin organic agricultural sector strengthened (*the competitiveness component*).

In July 2012, the following progress was achieved:

Institutional development component:

- Biotechnical Faculty offers accredited courses in organic agriculture;
- Biotechnical Faculty conducts applied research/field trials on critical issues within organic greenhouse;
- Extension service has increased capacity to advise/train farmers in organic vegetable and fruit production;
- Support to development of organic producer associations and Montenegrin National Organic Agriculture Association has been established;
- Certification body "Monteorganica" has EN 45011 standards accreditation.

Competitiveness component

- Establishment of a grant scheme for investment in organic production- support to investments in organic agriculture is provided. Total value of the grant as provided by the project amounts to EUR 1 million, and 57 grant applications have been approved;
- Marketing and promotion of organic products. As a first support to implementation of the National Action Plan for Organic Agriculture the programme has supported three workshops on advocacy and promotion of organic agriculture and

food. The purpose of the workshops was to provide producers, NGOs, institutions and journalists with a better understanding of how to communicate clear and simple messages about organic agriculture, and which tolls to apply.

IPA 2010 Twinning Project “Strengthening the Phytosanitary Directorate” (April 2012 - April 2013) with EU contribution of EUR 700.000

The overall project objective is to protect Montenegro against the harm caused by the introduction and spread of plant harmful organisms, to ensure the safety of food derived from plants and secure the health and quality status of crops in Montenegro.

Project implementation started in April 2012 and is planned to be finalized in April 2013.

Main results to be achieved during project implementation are:

- National legal framework in the phytosanitary area is harmonized with EU legislation;
- Inspection and other administrative and operational procedures in the phytosanitary area developed and adopted;
- Inspectors, administration and laboratory staff are capable to properly carry out related duties in accordance with the acquis;
- Set up and improved information system.

IPA 2011 Project “Strengthening the Capacity to Implement Rural Development Programme under IPARD”

This EUR 3.274 million project aims to strengthen the capacity of IPARD Operating Structure to implement IPARD Programme in efficient and effective manner and to increase the competitiveness of the Agricultural and Rural Development sector of Montenegro. This project includes one Twinning project (expected implementation period: December 2012 – May 2014) which amounts to EUR 1 million and a grant scheme of EUR 2.134 million, out of which a EUR 800.000 IPA contribution, EUR 267.800 national contribution and EUR 1.067 million private contribution.

The activities implemented under this twinning project will be closely coordinated with the project described here so to ensure appropriate synergies. The main results to be met at the end of the Twinning project implementation are:

- Manuals of procedures (MoP) of the Managing Authority, IPARD Agency, National Fund, NAO are aligned with IPARD accreditation criteria, following lessons learned, experience and recommendations of the auditors after implementation of National IPARD like schemes;
- IPARD Agency, Managing Authority and NF staff conversant with Manual of Procedures and with sufficient practical experience, gained through the implementation of national schemes similar to those under the IPA Rural Development Component;
- Technical bodies and extension services expertise strengthened as regards implementation of IPA assistance for rural development;
- IPA Rural Development like grant schemes are successfully implemented in line with IPARD requirements;
- Accreditation package for conferral of management power is submitted to EU;
- Awareness on IPARD Programme increased.

2.6 Lessons learned

Experiences with similar projects implementation show that success depends very much on Government commitment to provide adequate co-funding to implementing bodies, as well as to retain trained staff.

Cooperation among various stakeholders involved directly or indirectly in the project is crucial for building common understanding and commitment to achieving project results.

In order to enable a smooth and efficient absorption of funds available under IPARD-like approach and national schemes for rural development, the Managing Authority and Paying Agency should undertake all necessary actions aiming at timely and carefully preparing for the implementation of this project and of national schemes.

Special attention should be assigned to setting up of a comprehensive information system within the project to inform the beneficiaries and general public about available funding. Furthermore, crucial for the success of such type of projects is the availability of co-financing IPARD-like projects by the national authorities and private beneficiaries as well as provision of sufficient staff in charge of the management and implementation of the project.

3. DESCRIPTION

Montenegro has a surface area of about 13,812 square kilometres with agricultural land accounting for 38% (516,067 hectares) of the total territory. The greatest share of agricultural land resources consists of pasture and grassland (88%; 454,138 hectares) which is used extensively. Covering a relatively small area and benefiting from a Mediterranean climate, Montenegro's agriculture is quite diversified - from growing olives and citrus fruits in the coastal region, through early season vegetables and tobacco in the central parts to extensive livestock breeding in the north. Agriculture is by far the largest activity of the rural population - 48.824 family agriculture holdings obtain their income partly or entirely from agriculture. Food production and agriculture play an important role in Montenegro's economy, with the primary sector alone providing more than 7% and processing industry more than 5% of total Gross domestic product (GDP).

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

Framework of Montenegro's agricultural policy is based on the Law on Agriculture and Rural Development, adopted in 2009⁴. The Law sets the objectives of agriculture policy and provides the general framework for the development of and support to agriculture and rural areas, grouped under four main strands: market price, rural development policy, activities of public interest and social transfers to the rural population. In the field of market-price policy, the most important form of support to production are direct payments per head, which is in accordance with the principles of the WTO; this concept follows the newest reforms of CAP in EU.

Following the Decision of European Council in December 2010 that gave Montenegro the status of a Candidate Country, Montenegro shall intensify its work on preparation for implementation of IPARD. The IPARD Programme has been prepared in form of final proposal and submitted to the European Commission (DG AGRI) on 27th of April 2012. In February 2012, the Department of the Rural Development within MARD has been nominated

⁴ "Official Gazette of Montenegro", No. 56/09, 14.08.2009.

as the Managing Authority and counts 5 employees, while the Department for Payment which counts 16 employees is to become the IPARD Agency in the future. Those numbers will be increased by in the second half of 2012, in order to be able to absorb further support, namely to reach the minimum administrative capacity to allow for a smooth implementation of the IPA 2011 capacity building project prepare for national accreditation by end 2013.

Experiences of other Candidate Countries and Member States show that the preparation for conferral of management power is a complex and time consuming process. Successful implementation of projects depend not only on the knowledge/skills/ established procedures of implementing bodies, but also on absorption capacity of final beneficiaries - farmers and SMEs, as well as the general awareness of IPARD and enabling overall environment.

This project provides for technical assistance and a grant scheme based on the measures envisaged under the proposal of IPARD Programme which will support investments in agricultural holdings, the processing industry of agricultural products in key priority sectors (Axis 1 M 101 & 103) as well as provide practical experience in implementing IPARD-like measures.

Under this project, measures proposed under the IPARD Programme will be used as a framework for prioritising and selecting individual investments. The decision on the choice of measures to be implemented will depend on the readiness of the implementation procedures within the beneficiary administration.

By implementing measures for agricultural producers/processors in an IPARD compliant way, the Ministry staff of the management and control system, potential applicants, advisory services and lending institutions will gain awareness on and experiences in prospective implementation of IPARD.

Experience with implementation of IPARD-like measures demonstrates that good preparation prior to implementation is crucial. This preparation should not only cover the staff of the management and control system, but also the potential beneficiaries (farmers and agribusinesses), extension services (public and private), financial institutions engaged in agricultural lending. At the same time, the project will also seek to increase awareness and capacity of actors involved in rural development and agriculture on quality farming. Finally, the project shall also support the further preparation of the sector towards the IPARD Programme based approach.

3.1 Overall objective of the project

The overall objective of this project is for the Montenegrin authorities to gain experience in the implementation of rural development measures in accordance with the basic rules of IPA Component V. It is also to strengthen the competitiveness of the agricultural production and processing (farms/processing companies) while building-up the capacity of operating structure until its accreditation for conferral of management.

3.2 Specific objective(s) of the project

The specific objectives of the project are as follows:

- Gain experience in IPARD-type implementation and finally setting up the required operating structures
- Further strengthening and coordination of donor support (especially EU) and domestic budgetary support of the sector;

- investments in modernization and technological development of agricultural production and processing,
- introduction of international standards with a view to facilitate export of agricultural products (introduction of HACCP standards, modernization of slaughtering houses, dairies, fruit and vegetable processing operations, etc.);

3.3 Results

The main results and key indicators are presented below. Quantitative and qualitative indicators as well as the baseline indicators will be further fine-tuned in the scope of the administrative agreement with the World Bank.

Result 1. Grant scheme based on the core IPARD rules is implemented and the implementing structures have strengthened knowledge about those rules

Indicators:

- Number of applications approved
- Amount of funding committed
- Number of grants successfully completed
- Amount of funding disbursed
- At least 50 farms/agricultural processing facilities modernised the production or upgraded to the EU standards
- Increased knowledge and capacity of the operating structures on the implementation and management of IPARD-like measures (number of staff at the Operating Structure having acquired practical experience in implementation of grants in line with accreditation procedures, Operating Structure fully equipped and ready for management of pre-accession assistance, Equipped communication and information network fully operational)

Result 2. Public awareness about IPARD Programme increased

Indicators:

- The group that will constitute the future monitoring committee for the IPARD Programme created and several meeting of the group taken place
- number of agricultural organizations and rural population targeted in public awareness of the IPARD-like measures and
- Number of promotional events implemented and promotional materials disseminated.
- Number of potential applicants having received promotional material or attended an information event,
- Public extension and agriculture information services adequately equipped to meet the awareness campaign and programme promotion needs
- Number of potential applicants having been assisted by extension services (technical or financial advice) and/or private consultant in preparing applications for the grants.

3.4 Main activities

In order to achieve the above mentioned objectives and results, the activities of the Project are organized in 2 components complementing each other.

Component 1: Implementation of a grant scheme based on core IPARD rules and the implementing structures have strengthened knowledge about those rules

Under this activity, the Operating Structure set up for the implementation of the future IPARD programme will channel funds to farmers, food processing industry based on the measures identified in the Final Proposal of the IPARD Programme in the dairy, meat and fruit and vegetable sectors as follow:

- "Investments in agricultural holdings": The investments will comply with the relevant Community standards (environmental protection, public health, animal and plant health, animal welfare and occupational safety, etc);
- "Investments in the processing and marketing of agricultural products": The investments will comply with the relevant Community standards (environmental protection, public health, animal and plant health, animal welfare and occupational safety, etc);

Under this project the details of the IPARD-like measures as the financial management and control procedures will be developed by the managing authority under the supervision of the World Bank, and in cooperation with the European Commission (DG AGRI, DG ELARG) and the EU Delegation as well as the relevant IPA2011 twinning project.

In order to define the operational rules, it is envisaged that the parties involved will elaborate an operational agreement for the implementation of the IPARD-like Grant Scheme. Retaining an ultimate responsibility for contracting, execution and overall sound financial management, the World Bank would delegate to MARD tasks specified in the Operational Agreement. This will provide MARD Department for Payment with an opportunity to receive practical experience in handling applications, contracts and handling claims and to test its management and control system, and for the Managing Authority to practice and improve its management and coordination capacities.

As a general rule, the project (national authorities together with EU) will co-finance 50% of total eligible cost (eligible public expenditure) of each eligible investment, with the following exceptions:

- Up to 55% of eligible expenditure for investments implemented by young farmers (under 40 years of age at the time the decision to grant support is taken);
- Up to 60% of eligible expenditure for investments implemented by agricultural holdings in the mountainous areas;
- Up to 65% of eligible expenditure for investments in agricultural holdings located in mountainous areas made by young farmers (under 40 years of age at the time the decision to grant support is taken).

EU contribution will make up to 75% of the total eligible public expenditure. The national authorities will contribute remaining 25% of the public co-financing share from the national agricultural budget. The remaining 50% of the total eligible costs of the investments will be financed by the private beneficiaries.

Activities under this project component will include among others:

- Prepare and issue calls for applications and selection of projects;

- Assist beneficiaries in preparing applications;
- Signing of grant contracts between the MARD and the final beneficiary;
- Authorization and control of commitments and payments;
- On the spot checks will be carried out.
- Accounting for commitments and payments
- Monitoring and evaluation of the grant's implementation

Component 2: Technical assistance to support the preparation, management and monitoring of the measures to be implemented based on the Technical Assistance (TA) measure included in the IPARD Programme

Support under this activity will be provided based on the eligibility conditions set out in TA measures of the final proposal of IPARD Programme.

The activities implemented under this component will follow up on the IPA 2011 twinning project, including support to running the monitoring system (monitoring committee meetings etc.) and raising awareness about IPARD-like measures and available TA support under the MIDAS project.

Additional TA activities may be envisaged to support the preparation of a sector wide approach as well as to review the identification of needs for the operating structure and technical bodies, especially with regard to information and communication technology. The scope and definition of this TA support will be defined in coordination with the MIDAS project, following the project's mid-term review and depending on the progress made by the Montenegrin administration in implementing the action plan towards the conferral of management for IPA component V.

3.5 Assessment of project impact and catalytic effect

The main **impact** of the project will be to increase awareness and capacity of actors (including operating structure) involved in rural development and development of agro-food sector; better awareness about quality farming.. Demand for new projects in the field of agriculture and rural development shall be increased at the end of the project due to enhanced awareness of beneficiaries about economic advantages and opportunities offered by IPARD-like measures. Skills for applying for future IPARD financing shall be enhanced. Capacity of key stakeholders involved the management of national and EU funds and related control system shall be strengthened.

Another expected impact is the increase of likelihood for successful implementation of Pre-accession support to agriculture and rural development in the future (period 2014-2020), having all main actors gained practical experience and knowledge on implementation of IPARD compliant projects.

The project is expected to have a **catalytic effect** as grants usually have leverage effect by bringing substantial private co-financing, and supporting the increase of the overall investment rate in agriculture and rural development. This project shall also stimulate coordination between the various donors as well as improvement of technological development of agricultural production.

3.6 Sustainability

The sustainability of the project shall be ensured through the establishment of necessary synergy including the information flow among all the actors involved in the implementation of IPARD-like measures, i.e.: farmers and businesses (beneficiaries), Operating Structure (policy bodies) and advisory services (awareness and information).

The sustainability will depend upon the degree of political commitment, as a substantial strengthening of the manpower capacity of the MARD is needed. On the other hand, the re-organization of the institutions dealing with rural development has to strike a balance between administrative needs and actual resources likely to be available for the rural development measures. In other words, there needs to be a public management system for rural development, proportionate to the amount of funds to be managed.

3.7 Assumptions and pre-conditions⁵

Although not under a sector support programme, the main pre-conditions are:

- Action plan towards IPARD accreditation is adopted and under implementation;
- Government allocates the necessary resources for the staffing and operation of public structures to be involved in implementation of IPARD-like measures: Operating Structure (30 staff in horizontal structures and 20 for controlling structures), extension and information services, other agencies.

The main assumptions are:

- Future Managing Authority familiar with core IPARD rules and ready for the implementation of the IPARD-like measure;
- Future IPARD Agency staff familiar with the core IPARD rules and ready for the implementation of the IPARD-like measures;
- Advisory services (Livestock selection service and Advisory service in plant production) are able to support beneficiaries in the preparation of applications for the IPARRD-like measures;
- Technical bodies are in place and received initial training for performing the duties arising from the implementation of the IPARD-like measures;
- Banks in Montenegro (commercial and Investment Development Fund of Montenegro) prepared for providing support for financing potential beneficiaries;
- Interest from beneficiaries to participate in the process of public awareness;
- Budgetary resources available to provide counterpart funding to EU support;

⁵ Assumptions are external factors that have the potential to influence (or even determine) the success of a project but lie outside the control of the implementation managers. Such factors are sometimes referred to as risks or assumptions but the Commission requires that all risks shall be expressed as assumptions. Pre-conditions are requirements that must be met before the sector support can start.

4. IMPLEMENTATION ISSUES

The project will be implemented through joint management by the World Bank following Article 53 of the Financial Regulation and the corresponding provisions of the Implementing Rules. Detailed implementation arrangements will be specified within the Administrative Agreement to be signed between the Contracting Authority (the EU Delegation to Montenegro) and the World Bank in line with the provisions of the Trust Funds and Cofinancing Framework Agreement between the European Community and the IBRD/IDA and IFC (march 2009). Some of the main principles are indicated in annex IV to this Project Fiche.

4.1 INDICATIVE BUDGET

Indicative Project budget

			TOTAL EXPENDITURE	SOURCES OF FUNDING								
				IPA CONTRIBUTION			NATIONAL CONTRIBUTION					
	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	% (2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1- Grant Scheme		x	7 728 604	2 898 226	37.5%	966 075	12.5%	966 075			3 864 302	50%
Activity 2 -Technical Assistance	x		165 000	132 000	80%	33 000	20%	33 000				
WB Administrative and supervision costs (3)	x		228 082	228 082	100%							
TOTAL IB			393 082									
TOTAL INV			7 728 604									
TOTAL PROJECT			8 121 685	3 258 308	40.1 %	999 075	12.3 %				3 864 302	47.6%

Amounts net of VAT

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

(2) Expressed in % of the **Total** Expenditure (column (a))

(3) based on the following assumptions: 5% indirect administrative costs plus 2% supervision costs estimated on the value of an administrative agreement with the WB amounting EUR 3 258 308

4.2 Indicative Implementation Schedule (periods broken down by quarter)

Contracts	Start of Tendering/ Call for proposals	Signature of contract	Project Completion
One Administrative Agreement with World Bank	N/A	Q2 2013	Q2 2015

4.3 Cross cutting issues

4.3.1 Equal Opportunities and non-discrimination

The proposed project will be equal opportunity sensitive and ensure access of women, disabled and elderly, particularly with regard to access to training and increasing opportunities for business expansion, employment and career advancement. The advertising of job vacancies and agriculture support measures will be by fair and open competition.

Gender, young farmers and disability needs are considered as an integral part of the Final Proposal of IPARD Programme and especially under the National Rural Development Programme, with regular monitoring to ensure these issues are given due prominence. In particular the trainings will ensure that equal opportunity issues are properly addressed. Equal opportunity will also be taken into account during training needs analysis.

4.3.2 Environment and climate change

This proposed project will have a positive environmental impact. Better land use as well as rational use of inputs in agriculture will ensure a more sustainable use of natural resources, thereby contributing to environmental protection. Furthermore, this project will support environmental protection investments such as investments in manure handling and storage in agricultural holdings, and investments in waste water management in the processing industry.

4.3.3 Minorities and vulnerable groups

The project will be sensitive to minority issues and will ensure access of all ethnic groups to resources and services. The needs of minorities will be considered as an integral part of the IPARD programme. There will be regular monitoring to ensure these issues are given due prominence. Minorities will also be taken into account during information campaigns.

4.3.4 Civil Society/Stakeholders involvement

The project will be monitored in accordance with the Monitoring System to be set up for the IPA Rural Development Component. The Monitoring Committee will include representatives from all relevant stakeholders already mentioned in the IPARD Programme.

ANNEXES

- I Log frame**
- II Description of Institutional Framework**
- III Reference list of relevant laws and regulations**
- IV Details per EU funded contract**

ANNEX I - Log frame

LOGFRAME PLANNING MATRIX FOR Project Fiche			
Project title: Support to Montenegrin agriculture to achieve IPARD requirements		Contracting period expire:	36 months from entry into force of Financing Agreement
		Total budget	€ 8 121 685
		IPA budget:	€ 3 258 308
Overall objective	Objectively verifiable indicators (OVI)	Sources of Verification	
Montenegrin authorities gain experience in the implementation of rural development measures in accordance with the basic rules of IPA component V with a view to build-up the capacity of its operating structure until its accreditation for conferral of management and while providing financial support to the competitiveness of the agricultural production and processing (farms/processing companies).	<ul style="list-style-type: none"> -Rural development statistics and economic and financial indicators of the farming and processing sectors -IPARD Operating structure received national accreditation 	<ul style="list-style-type: none"> -National reports and statistical data. Studies. -EC reports on Montenegro. 	
Specific objectives	Objectively verifiable indicators (OVI)	Sources of Verification	Assumptions
<ol style="list-style-type: none"> 1. Gain experience in IPARD-type implementation and finally setting up the required operating structures 2. Further strengthening and coordination of donor support (especially EU) and domestic budgetary support of the sector 3. Increased investments in modernization and technological development of agricultural production and processing 4. Increased introduction of international standards with a view to enable exporting of agricultural products to the EU markets (introduction of HACCP standards, modernization of slaughtering houses, dairies, fruit and vegetable processing operations, etc 	<ul style="list-style-type: none"> -Number of stakeholder participating in promotional events and workshops related to IPARD Programme; -General knowledge about IPARD Programme and measures; -Functioning IPARD Operating structure; -IPARD Monitoring Committee set up and functional. -Number of submitted applications for support; 	<ul style="list-style-type: none"> -Act of National accreditation; -Ministry decision designating the IPARD Monitoring Committee. -Statistical reports, survey reports; -Sector for payment data base, media information;. 	<ul style="list-style-type: none"> - IPARD Operating Structure functional; -Budgetary resources available.

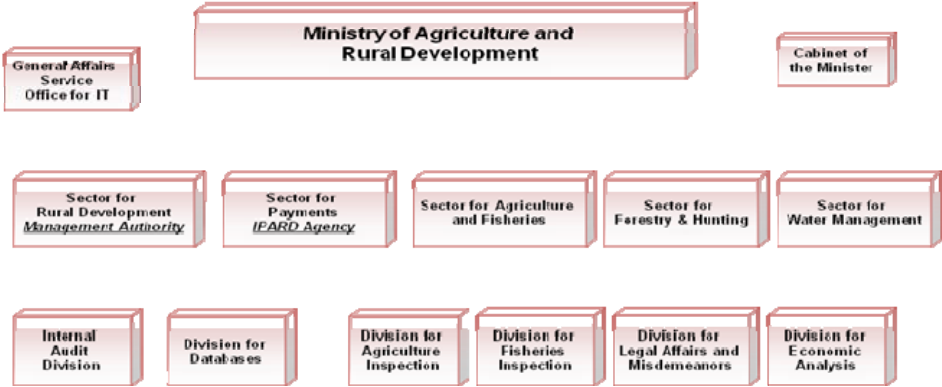
Results	Objectively verifiable indicators (OVI)	Sources of Verification	Assumptions
<p>Result 1. Grant scheme implemented.</p>	<ul style="list-style-type: none"> - Number of applications approved - Amount of funding committed - Number of grants successfully completed - Amount of funding disbursed - At least 50 farms/agricultural processing facilities modernised the production or upgraded to the EU standards - Increased knowledge and capacity of the operating structures on the implementation and management of IPARD-like measures (number of staff at the Operating Structure having acquired practical experience in implementation of grants in line with accreditation procedures, Operating Structure fully equipped and ready for management of pre-accession assistance, Equipped communication and information network fully operational) 	<ul style="list-style-type: none"> -Statistical reports, survey reports, audit reports; -Sector for payment data base, media information. 	<ul style="list-style-type: none"> -IPARD operational structure functional (procedures establish and functioned, verified by national accreditation -IPARD Monitoring Committee identified. - Budgetary resources available to provide counterpart funding to EU support; -Necessary number of trained staff within IPARD Operating Structure; -National Minimum Standards in terms of environmental protection, public health, animal and plant health, animal welfare and occupational safety to the sector established and in force; -Technical bodies officially designated and trained for IPARD like measures requirements; -Action plan towards IPARD accreditation is adopted and under implementation; -Banks in Montenegro (commercial and Investment Development Fund of Montenegro) prepared for providing support for financing potential beneficiaries; -Interest from beneficiaries to participate in the process of public awareness; -Budgetary resources available to provide counterpart funding to EU support; -Government allocates the necessary resources for the staffing and operation of public structures (Operating Structure, extension and information services, other agencies) to be involved in implementation of IPARD like measures.

<p>Result 2. Public awareness about IPARD Programme increased.</p>	<ul style="list-style-type: none"> - The group that will constitute the future monitoring committee for the IPARD Programme created and several meeting of the group taken place - number of agricultural organizations and rural population targeted in public awareness of the IPARD-like measures and - Number of promotional events implemented and promotional materials disseminated. - Number of potential applicants having received promotional material or attended an information event, - Public extension and agriculture information services adequately equipped to meet the awareness campaign and programme promotion needs - Number of potential applicants having been assisted by extension services (technical or financial advice) and/or private consultant in preparing applications for the grants. 	<p>-Statistical reports, survey reports, training evaluation forms, audit reports, media information, monitoring reports.</p>	<p>-Advisory services (Livestock selection service and Advisory service in plant production) are able to support beneficiaries in preparation of applications.</p>
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ANNEX II - Description of the Institutional Framework

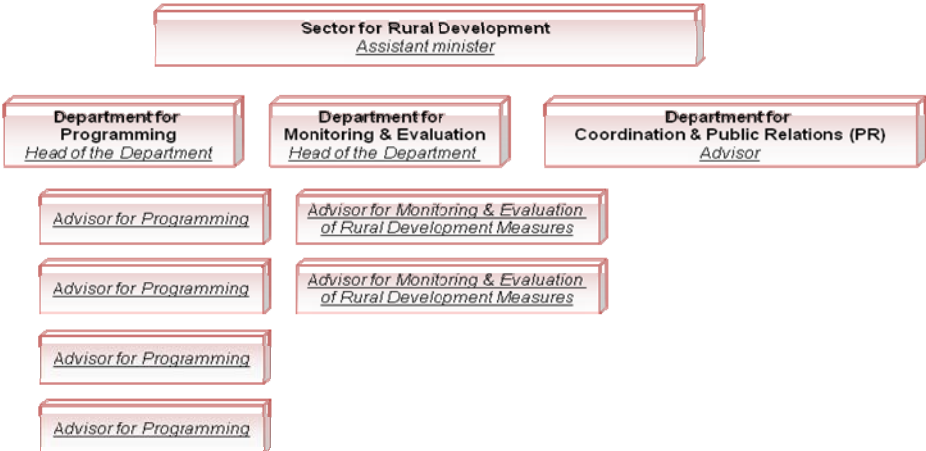
In Montenegro the Operating Structure designated for managing the IPA Rural Development Component in accordance with Article 28 of the IPA Regulation (EC) No 718/20071 is a collection of bodies consisting of:

- Managing Authority – the Sector for Rural Development within MARD;
- IPARD Agency – Sector for Payments within the MARD, subjected directly to the Minister of Agriculture and Rural Development. The bodies of Operating Structure have allocated functions and responsibilities as follows:



Sector for Rural Development (IPARD Managing authority)

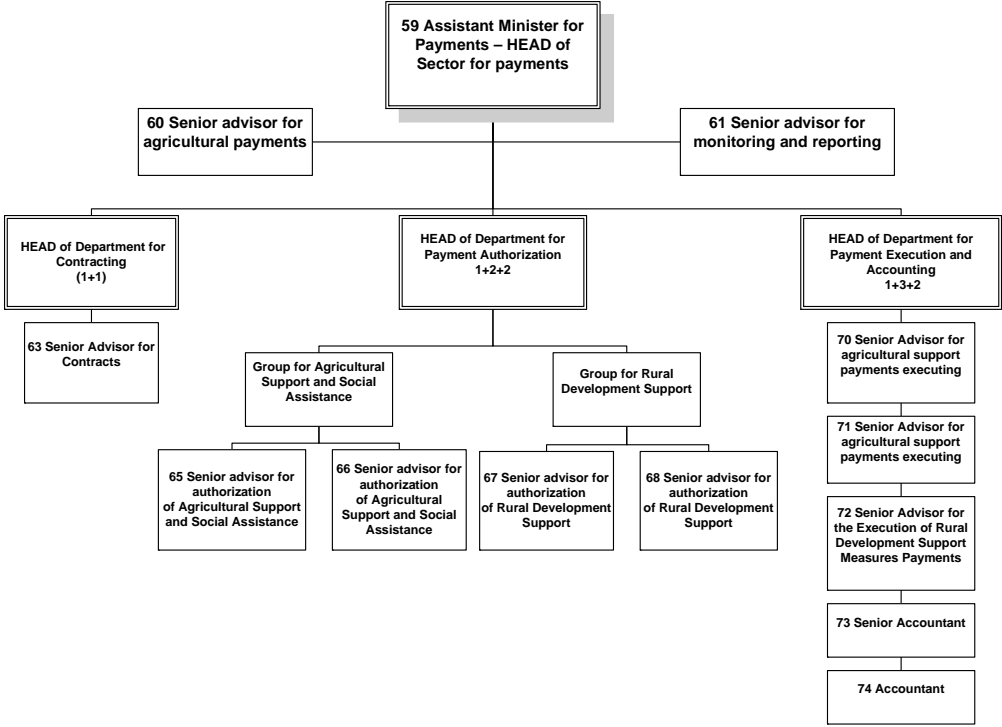
Sector for Rural development shall draw up rural development strategies, programme and projects, with the aim to increase competitiveness, improve standard of living in rural areas and protect nature; implement Rural Development Programme and projects by using national and international funds and in cooperation with international organizations and donors; develop and prepare IPARD Programme for Montenegro and national legislation for the implementation thereof, in cooperation with the Division for Legal Affairs, and propose amendments and supplements thereto as necessary; monitor the progress and impact of all rural development Programme, including the IPARD Programme; produce monitoring and evaluation reports; coordinate and assist the work of the Sector Monitoring Committee and assist the coordination of their work with the work of the IPA Monitoring Committee; coordinate public activities under the IPA Programme framework; draw up action plans for operations under the Technical Assistance measures; coordinate international cooperation in the area of rural development.



Sector for Payments (future IPARD Agency)

The Sector for Payments shall manage and account for all payments made by the Ministry, including operating expenses of the Ministry and support payments to beneficiaries made from

national funds, the IPARD Programme and other support Programme; consider applications for support payments; prepare and sign contracts where required; consider and process payment claims; execute and account for payments; prepare and implement control plans; prepare and update accreditation for relevant parts of the Sector; monitor payments against budget lines; set and supervise financial limits for staff in the Sector; cooperate with the Internal Audit Office and external audit bodies; communicate with external bodies involved in the allocation and supervision of financial support, including the European Commission, OLAF, the European Court of Auditors, the National Fund (Ministry of Finance of Montenegro) the Department for Rural Development - Managing Authority and the National Authorizing Officer.



The Livestock Selection Service operates as a single service for the whole of Montenegro. Established in 2000, it is a part of Biotechnical Faculty financed from Ministry of Agriculture and Rural Development. It consists of 6 regional centres covering the area of all municipalities. The Service’s activities can be categorized in three main groups: selection and improving the breed structure of domestic animals, provision of professional advice and guidelines to farmers, and implementation of incentives financed from the agro-budget. It performs four main groups of activities: a) animal breeding and herd improvement Programme (identification and registration of breeding animals of cattle, performance of cattle recording, selection of cattle replacements, organising livestock exhibitions and so on); b) advisory services (nutrition, housing, breeding, rearing of offspring, milking, etc) and providing different kind of information to the livestock producers, etc.

The Extension Service in Plant Production covers the whole territory of Montenegro and is organized into 7 regional centres. Established in 2003, it is a part of Biotechnical Faculty financed from Ministry of Agriculture and Rural Development. It functions in similar way to LSS. The main objective of the Service is to enhance plant production in terms of higher yield and product quality. It performs three main groups of activities: a) advisory services to the variety group of the producers (fruit and vegetable growers, wine producer, cereal producer, olive oil producer; b) implementation of support measures to the plant producers from budget for agriculture; and c) carrying out program AMIS (Agrarian Marketing Information System).

The main method of work is provision of technical advice, recommendations and instructions to farmers in the field as well as education through seminars and roundtables, etc. The Service also

implements measures in the field of plant production that are financed from the agro-budget.

The **Veterinary Administration** operates as a separate body under the authority of the Ministry and the supervision of the Government and is in charge of: monitoring and prevention of occurrence, detection, control and eradication of certain infectious animal diseases; carrying out preventive veterinary measures as regards animals, food of animal origin, composite food and feed, semen for artificial insemination of ova and the fertilized ova and waste of animal origin – by-products, in national trade and trade across Montenegro's border; carrying out the mandatory scope of animal health protection and monitoring of implementation of the program of preventive measures; ensuring the performance of duties of public interest; animal welfare protection; establishing the compliance with the conditions prescribed for veterinary work; production and trade in food of animal origin, composite food, feed after primary production and waste of animal origin; register keeping, preparation of technical basis for the annual program of residue monitoring and prevention of certain animal diseases and zoonoses, the annual plan of controls, the monitoring plan and the crisis management plan in the field of safety of food of animal origin, composite food and feed and adoption of regulations; development of analyses of programs, and briefing notes that serve as a technical basis for setting forth and implementation of the policy in the veterinary field, food safety and animal welfare protection; cooperation and coordination with international organizations (OIE and similar), institutions, business entities and other institutions in the veterinary field; inspectorial supervision in accordance with the law and powers, as well as other activities conferred thereon.

The Phytosanitary Administration is a single and central body under the supervision of the Ministry and the Government and carries out the administrative and related technical affairs concerning the following: plant health protection; plant nutrition products; plant protection products; seed and planting material; plant varieties protection; food safety and GMOs; prepares technical basis for the annual program of residue monitoring, the annual control plan, monitoring plan and crisis management plan for the field of safety of food of plant origin at the primary production level and for adoption of regulations; control and inspectorial supervision in the fields within its scope of authority; keeping registers and records; implementation of international conventions, treaties and exchange of information; participation in international bodies and organizations; establishing of an information system, collecting, processing and keeping of data; preparing reports, analyses, briefing notes and other materials in accordance with the regulations and international treaties and agreements and other affairs conferred thereon.

ANNEX III - Reference list of relevant laws and regulations

Laws and Regulations in Montenegro

- Law on Agriculture and Rural Development (Official Gazette of Montenegro 56/09);
- Law on Wine – Official Gazette of the Republic of Montenegro 36/07;
- Law on Plant Nutrition Products - Official Gazette of Montenegro 48/07;
- Law on Plant Varieties Protection - Official Gazette of Montenegro 48/07 and Official Gazette of Montenegro 48/08;
- Law on Genetically Modified Organisms - Official Gazette of Montenegro 22/08;
- Law on Plant Protection Products - Official Gazette of Montenegro 51/08;
- Law on Livestock Breeding - Official Gazette of Montenegro 72/10;
- Law on Animal Identification and Registration - Official Gazette of the Republic of Montenegro 48/07;
- Law on Food Safety - Official Gazette of Montenegro 14/07;
- Law on Freshwater Fisheries - Official Gazette of Montenegro 11/07;
- Law on Animal Welfare Protection - Official Gazette of Montenegro 14/08;
- Law on Ratification of the International Convention on Plant Protection;
- Law on Marine Fisheries - Official Gazette of Montenegro 56/09;
- Law on Olive growing (Official Gazette of the Republic of Montenegro 55/03);
- Law on Organic Agriculture (Official Gazette of the Republic of Montenegro 49/04);
- Law on agricultural land (Official Gazette of the Republic of Montenegro 15/92, 59/92 and 27/94);
- Law on amendments to the Law on agricultural land (Official Gazette of the Republic of Montenegro 32/11);
- Law on Provision and Earmarking the Funds for Stimulating Agricultural Development (Official Gazette of Serbia and Montenegro 11/90 and Official Gazette of Montenegro 24/92);
- Law on Agricultural Plants Seeds Material (Official Gazette of the Republic of Montenegro 28/06);
- Law on Planting Material (Official Gazette of the Republic of Montenegro 28/06);
- Law on Plant Varieties Protection (Official Gazette of the Republic of Montenegro 48/07 and 48/08);
- Veterinary Law (Official Gazette of the Republic of Montenegro 11/04 and 27/07);
- Law on Animal Identification and Registration (Official Gazette of the Republic of Montenegro 48/07);
- Law on Measures for Livestock Breeding Development (Official Gazette of the Republic of Montenegro 59/92);
- Law on Standardization (Official Gazette of Montenegro 13/08);
- Law on Technical Requirements for Products and on Evaluation of Compliance of the Product with the Requirements Set (Official Gazette of Montenegro 14/08);

- Law on Plant Health Protection (Official Gazette of the Republic of Montenegro 28/06);
- Law on Technical Requirements for Products and Assessment of Harmonization of the Product with Requirements Prescribed (Official Gazette of the Republic of Montenegro 14/08);
- Law on the Internal Financial Control System in the Public Sector was adopted, (Official Gazette of Montenegro 73/08);
- Law on Value Added Tax (Official Gazette of the Republic of Montenegro 65/01, 12/02 (corrigenda), 38/02, 72/02, 21/03, 76/05, 16/07);
- Law on State Property (Official Gazette of Montenegro 21/09);
- Law on Property Relations (Official Gazette of Montenegro 19/09);
- Law on Companies (Official Gazette of Montenegro No. 80/2008);
- Law on tourism (Official Gazette of Montenegro No. 61/10);
- Law on spatial planning and construction (Official Gazette of Montenegro No. 51/08);
- Law on civil servants and state employees (Official Gazette of Montenegro No. 50/08);
- Law on general administrative procedures (Official Gazette of Montenegro No. 60/03).
- Program for Agriculture and Rural Development of Montenegro under IPARD 2007-2013 (February 2012) - FINAL DRAFT

EU Regulations

IPA Regulations

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

Budget regulations

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

ANNEX IV - Details per EU funded contract

Contract 1 : Administrative agreement with World Bank

The project will be implemented by joint management with the World Bank through an Administrative Agreement under the Trust Funds and Cofinancing Framework Agreement between the European Community and the IBRD/IDA and IFC (march 2009) in accordance with Article 53d 1(a) of the Financial Regulation.

The close cooperation and coordination between the EU and the World Bank funded activities in this sector (e.g. between the IPA 2011 Twinning project and the MIDAS programme) has proven to be effective. Under such an administrative agreement, the cooperation will continue further as the Commission (represented by the EU Delegation in Montenegro) will be part of the project supervision and steering committee to ensure the sound implementation of the project.

The use of this body is justified by the wide experience that the World Bank has gained in its international commitments in the Western Balkans during the recent years and in the sector concerned. In Montenegro, the World Bank has a long experience thanks to the MIDAS project in supporting sustainable agriculture and rural development in a manner consistent with the EU pre-accession requirements. Based on this experience it is appropriate to delegate implementing tasks to this public-sector body.

The MIDAS programme has been providing on-the ground training for future IPARD management structures, while financing agriculture and rural development actions in an IPARD compatible manner (i.e. support to agricultural producers and processing industry in accordance with the measures designed under the IPARD Programme for Montenegro). Thus this programme contributes also to building up the capacity of final beneficiaries to apply to public funding following principles approximating the functioning of IPARD and EU funds. So far, 2 public call for MIDAS funded projects have been published and are being processed in line with operational manuals and procedures progressively approximating with IPARD requirements. Regarding details about MIDAS implementation modality please refer following link:

<http://www.midas.co.me/dokumenta2/Loan%20Agreement,%20Midas,%20May%2027,%202009.pdf>

Consequently the implementation of the project through the World Bank would be of great importance to strengthen the administrative capacity of the future IPARD management structures (MARD and extension services) already benefiting from experience of the on-going MIDAS programme as well as to strengthen the agricultural sector, which is facing the major challenge of implementation of EU standards.

Under the supervision of the World Bank and in cooperation with MIDAS operating structure, the Sector for payment within the MARD (future IPARD Agency) will be responsible mainly for the implementation of the project component 1 (grant scheme). The grant scheme will be implemented under a approach similar to the one used under the MIDAS programme which aims at aligning the measures to be financed as well as the procedures of approval, checking, contracting, control and payments to IPARD requirements to the maximum extent possible.

The Technical bodies will be set up and be responsible for verifying requirements related to EU standards as provided for in the IPARD Programme.

The Sector for rural development (IPARD Managing Authority) will be responsible for the management of the project including the implementation of the component 2 (awareness and publicity activities, monitoring and reporting). The implementation of the technical assistance activities (component 2) under this project will take place in 2014, following the completion of

the IPA 2011 twinning project “Strengthening the Capacity to Implement Rural Development Programme under IPARD”.

The Extension services which include Livestock Selection Service and Plant Production Extension Service will support the implementation of the project by providing assistance to potential beneficiaries to prepare projects.

According to the Action Plan towards IPARD accreditation, IPARD management structures would receive the national accreditation end 2013, and submit its accreditation package to the EC immediately thereafter. While during the process of conferral of management Montenegro would not be allowed to use IPARD funds under current rules, such national accreditation shall provide solid grounds to further involve the management structures into the implementation of IPARD-like measures.

The World Bank funded MIDAS project is planned to end in June 2014. The possibility of an extension until June 2016 is envisaged and will be assessed at the occasion of its mid-term review envisaged in November 2012. During the period of implementation of this project overlapping with the MIDAS project, project supervision costs would be borne under the MIDAS project. Additional allocation for supervision has been planned in this project in order to ensure its smooth implementation after the closure of MIDAS.